



2023

ANNUAL
REPORT



ONE LIBERTY PROPERTIES, INC.

OLP

ABOUT US

One Liberty Properties, Inc. is a self-administered and self-managed real estate investment trust incorporated under the laws of Maryland in December 1982. The Company acquires, owns and manages a geographically diversified portfolio consisting primarily of industrial and, to a lesser extent, retail properties, many of which are subject to long-term leases. Many of our leases are “net leases,” under which the tenant is typically responsible for real estate taxes, insurance and ordinary maintenance and repairs.

We acquired our portfolio of properties by balancing fundamental real estate analysis with tenant credit evaluation. Our analysis focuses on the value of a property, determined primarily by its location, use and local demographics. We also evaluate a tenant’s financial ability to meet operational needs and lease obligations. We believe that our emphasis on property value enables us to achieve better returns on our acquired properties 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. Consequently, we believe that the weighing of these factors in our analysis enables us to achieve attractive current returns with potential growth through contractual rent increases and property appreciation.

OLP



LETTER TO STOCKHOLDERS



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STATES

Dear Stockholders,

In 2023, we continued to evolve our portfolio to further emphasize our ownership of industrial properties as we believe this asset class will provide significant stability and consistency in generating cash flow. Throughout the year, we enhanced our balance sheet by paying off our credit facility debt, thereby providing us with additional financial capacity and flexibility to continue building our industrial portfolio in a targeted manner.



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PROPERTIES

While we are not able to control the economic landscape or interest rate environment, we have effectively navigated the challenges of the past few years and built up our industrial property portfolio. At year end, our industrial portfolio constitutes approximately 66% of the base rent payable by our tenants in 2024. Industrial properties are the backbone of many industries—from manufacturing to businesses capitalizing on e-commerce activities by using warehouses for storing and distributing products.



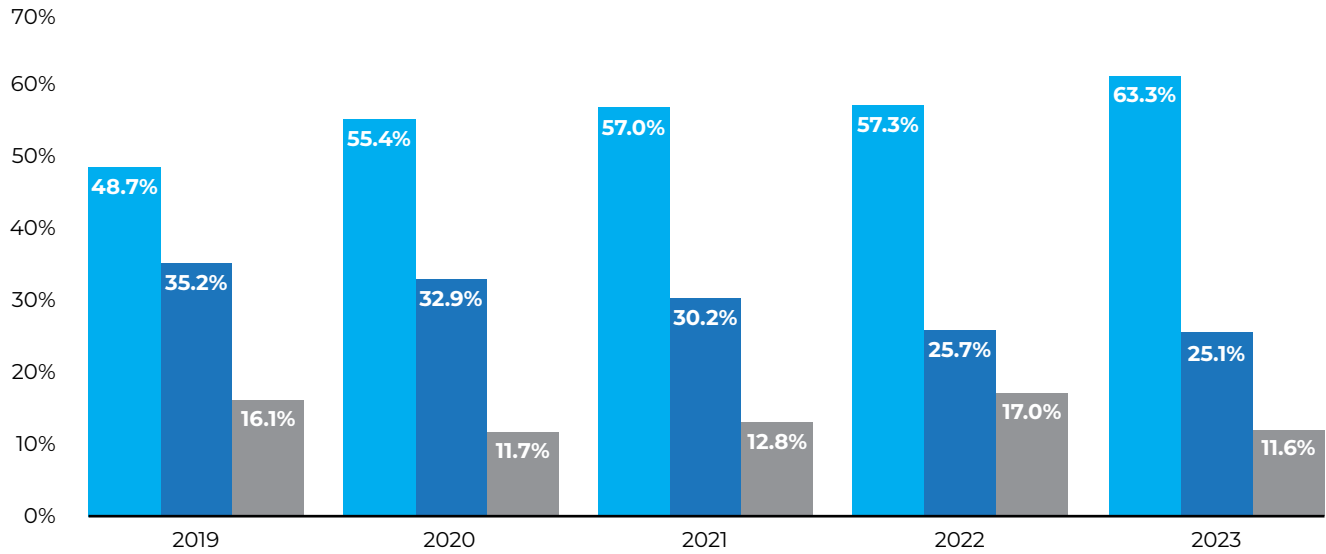
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MILLION SQ FT

In 2023, rental income was \$90.6 million compared to \$92.2 million in 2022. A significant contributing factor to the change was the inclusion, in 2022 rental income, of \$4.6 million from a litigation settlement. In 2023, we repurchased \$9.6 million of our common stock and in March 2024, declared our 125th consecutive quarterly dividend payment.

PERCENT OF RENTAL INCOME NET BY PROPERTY TYPE

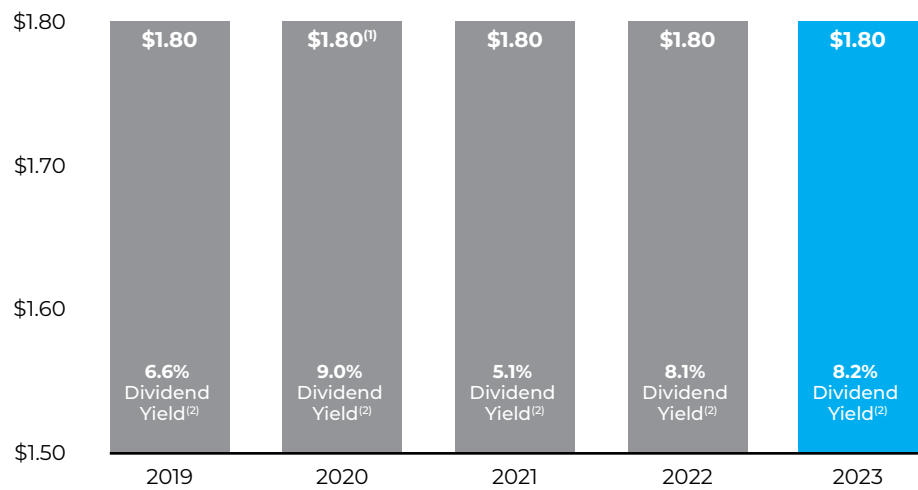
Industrial Retail Other⁽¹⁾



⁽¹⁾Other consists of the following property types: Restaurant, Health & Fitness, Theater, Apartments, Office and Other.

125
CONSECUTIVE
QUARTERLY
DIVIDENDS

DIVIDEND PER SHARE OF COMMON STOCK



⁽¹⁾ During 2020, approximately 18.75% of the dividend was paid in shares of our common stock.

⁽²⁾ Calculated based on the closing stock price at December 31.

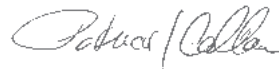
We intend to continue to grow. During the past year, we purchased an industrial property for approximately \$13.4 million, which together with the properties added in 2022 represent an investment of \$69.9 million. We also paid off our credit facility debt through mortgage refinancings and by strategically selling properties for net proceeds of more than \$69 million. Our sale of 11 consolidated properties resulted in a net gain of \$17 million. On the operations front, we amended, extended and renewed leases with respect to 988,000 square feet and maintained occupancy over our entire portfolio in excess of 98% for the second consecutive year. We ended the year owning 108 properties that had a net book value of \$682 million.

We have been disciplined and selective in our pursuit of external growth and expect to maintain that approach as we look to the coming year. When acquiring properties, we focus on long-term value and seek an in-depth understanding of the local market within its broader region, including barriers to entry, key demographics, and the historic and future growth potential for the properties in which we are interested. This strategy enables us to make sense of the competitive environment. An important part of our acquisition approach is carefully evaluating each prospective tenant's credit profile in light of the economic environment. In using these inputs, we effectively underwrite the long-term potential of a property as if we were to continue to own the asset upon lease expiration, to ensure we include the exit as part of our decision-making process.

Looking into 2024 and beyond, we are optimistic about the opportunities to grow our industrial portfolio. We intend to expand on these efforts in an accretive and targeted manner to further strengthen our cash flow. Beyond acquisitions, we will seek to maintain our active leasing efforts and continue to sell properties we believe have reached their maximum potential. We expect to stay disciplined in our approach to capital allocation to further enhance value for stockholders, with whom we are well-aligned, given management's approximate 25% ownership stake in One Liberty.

We would like to thank each of our stockholders, management team and Board of Directors for their insight and ongoing contributions and work to build stockholder value.

Sincerely yours,



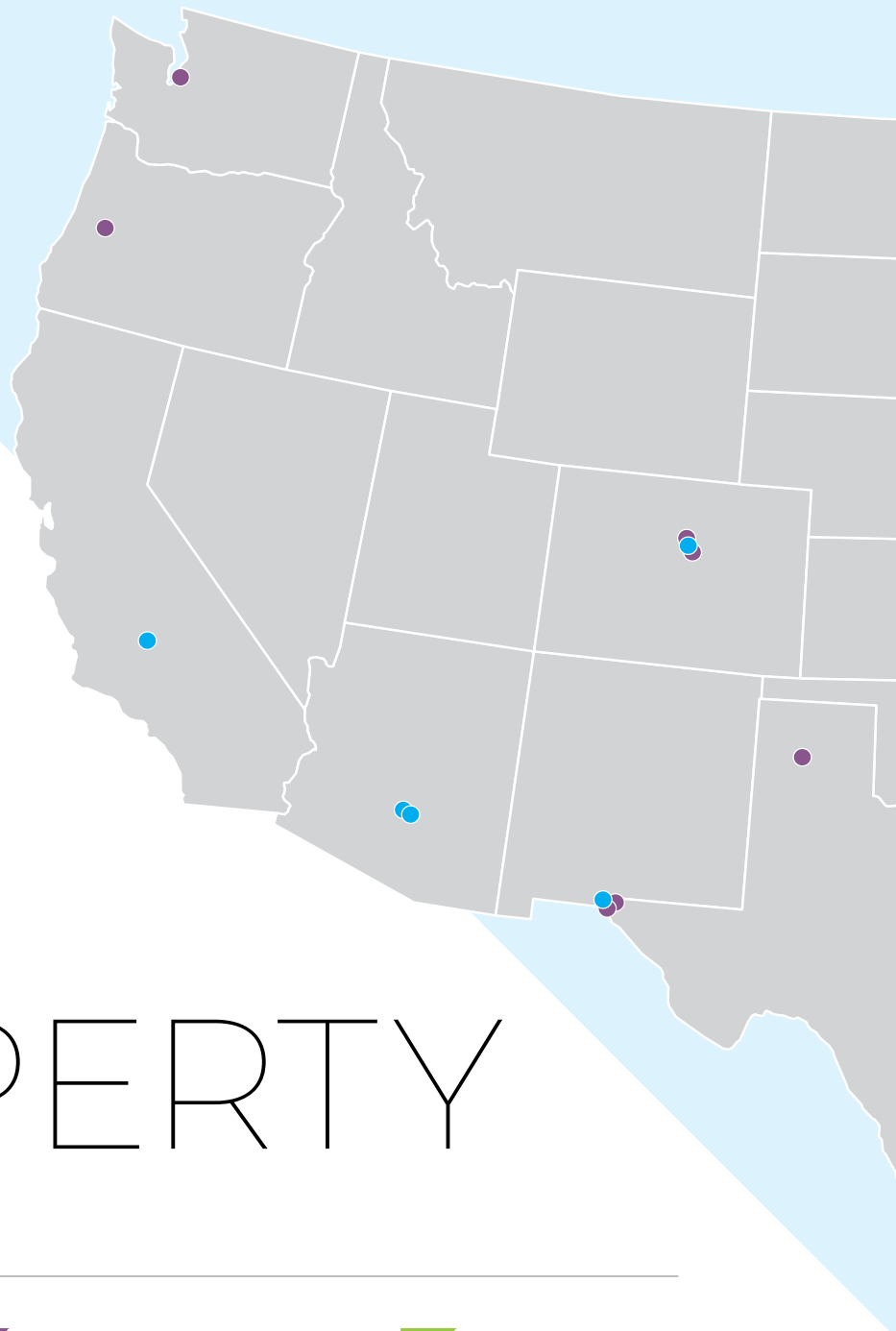
PATRICK J. CALLAN, JR.

President and Chief Executive Officer
April 5, 2024



MATTHEW J. GOULD

Chairman of the Board
April 5, 2024



PROPERTY LISTINGS

INDUSTRIAL

55
Total Properties

25
Total States

8,523,115
Total Square Footage

RETAIL

43
Total Properties

20
Total States

1,658,895
Total Square Footage

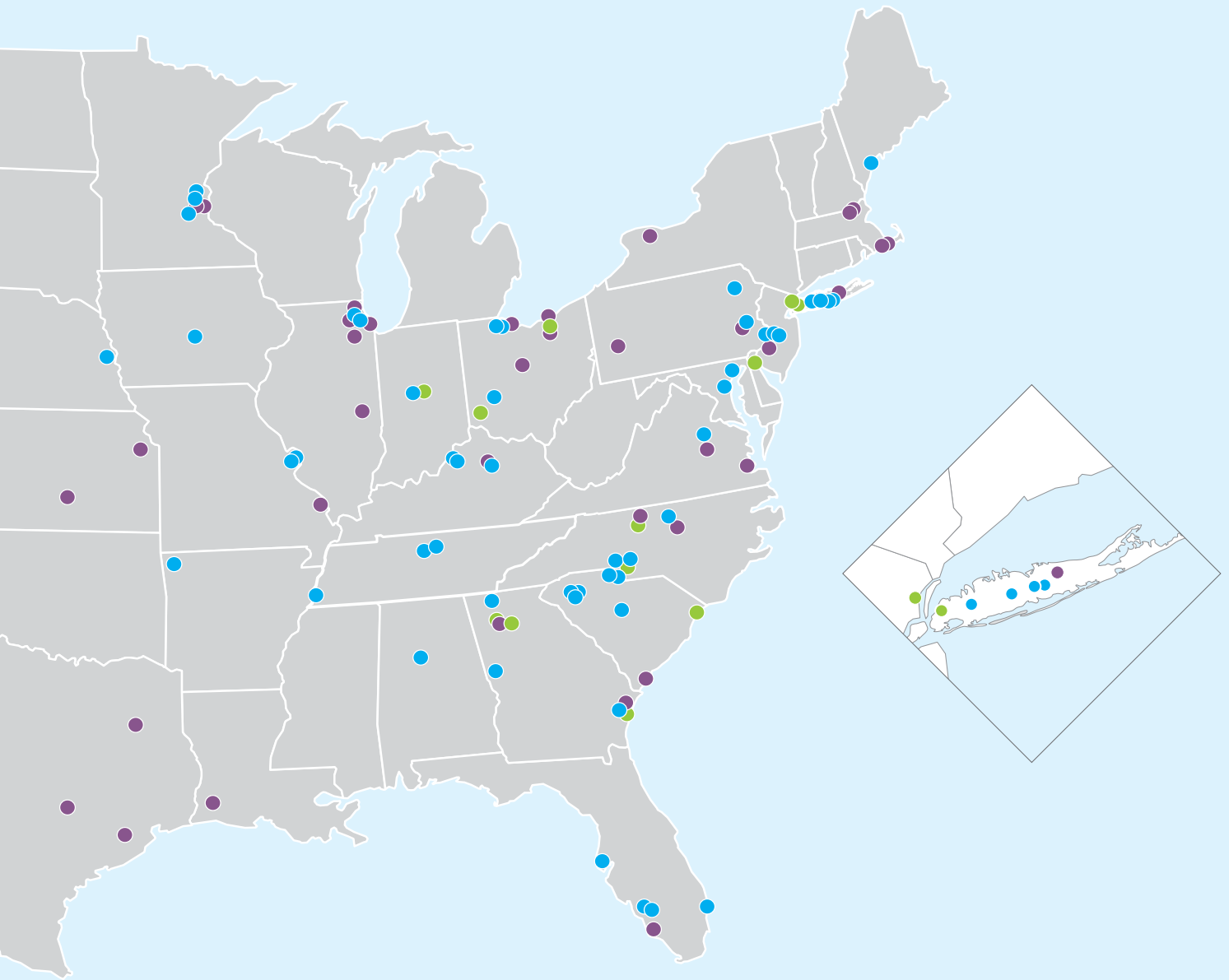
OTHER⁽¹⁾

12
Total Properties

8
Total States

715,644
Total Square Footage

⁽¹⁾ Other consists of the following property types: Restaurant, Health & Fitness, Theater, Apartments, Office and Other.



1 BROZZINI
 (Multi-tenant warehouse)
 Greenville, SC



FEDEX AND CHEP
 St. Louis, MO



HD SUPPLY
 Omaha, NE



NORTHERN TOOL
 Fort Mill, SC (Charlotte MSA)



CONDITIONED AIR
 Fort Myers, FL



COSENTINO
 Rincon, GA (Savannah MSA)

FINANCIAL HIGHLIGHTS

(Amounts in Thousands, Except Per Share Data)	Year Ended December 31,	
	2023	2022
Total revenues	\$ 90,646	\$ 92,216
Depreciation and amortization	24,789	23,781
Real estate expenses	16,444	15,508
Other expenses	16,106	15,543
Total operating expenses	57,339	54,832
Gain on sale of real estate, net	17,008	16,762
Operating income	\$ 50,315	\$ 54,146
Net income	\$ 29,918	\$ 42,253
Less net income attributable to non-controlling interests	(304)	(76)
Net income attributable to One Liberty Properties, Inc.	\$ 29,614	\$ 42,177
Net income per common share—diluted	\$ 1.38	\$ 1.99
Weighted average number of common shares—diluted	20,556	20,453
	December 31,	
	2023	2022
Real estate investments, net	\$ 681,950	\$ 706,453
Investment in unconsolidated joint ventures	2,051	10,400
Cash and cash equivalents	26,430	6,718
Total assets	761,606	783,255
Mortgages payable, net of deferred financing costs and intangible	418,347	405,162
Line of credit—outstanding, net of deferred financing costs	–	21,068
Total liabilities	453,861	466,318
Total equity	307,745	316,937



2023

FORM 10-K



ONE LIBERTY PROPERTIES, INC.

OLP

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-K

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

For the fiscal year ended December 31, 2023

Or

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

Commission File Number 001-09279

ONE LIBERTY PROPERTIES, INC.

(Exact name of registrant as specified in its charter)

MARYLAND

(State or other jurisdiction of
Incorporation or Organization)

60 Cutter Mill Road, Great Neck, New York
(Address of principal executive offices)

13-3147497

(I.R.S. employer
Identification No.)

11021
(Zip Code)

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

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

<u>Title of each class</u>	<u>Trading Symbol</u>	<u>Name of exchange on which registered</u>
Common Stock, par value \$1.00 per share	OLP	New York Stock Exchange

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

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

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

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

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

As of June 30, 2023 (the last business day of the registrant's most recently completed second quarter), the aggregate market value of all common equity held by non-affiliates of the registrant, computed by reference to the price at which common equity was last sold on said date, was approximately \$329 million.

As of March 1, 2024, the registrant had 21,253,398 shares of common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the proxy statement for the 2024 annual meeting of stockholders of One Liberty Properties, Inc., to be filed pursuant to Regulation 14A not later than April 29, 2024, are incorporated by reference into Part III of this Annual Report on Form 10-K.

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Explanatory Note

In the narrative portion of this Annual Report on Form 10-K, except as otherwise indicated or the context otherwise requires:

- the information with respect to our consolidated joint ventures is generally described as if such ventures are our wholly owned subsidiaries and information with respect to unconsolidated joint ventures is generally separately described.
- (i) all references to joint ventures refer to unconsolidated joint ventures, (ii) all interest rates with respect to debt give effect to the related interest rate derivative, if any, (iii) amounts reflected as debt reflect the gross debt owed, without deducting deferred financing costs and (iv) references to industrial properties include properties (a) a portion of which may be used for office purposes and (b) that are used for distribution, warehouse and flex purposes.
- the term “standard carve-outs,” when used in describing mortgages or mortgage financings, refers to recourse items to an otherwise non-recourse mortgage. While carve-outs vary from lender to lender and transaction to transaction, the carve-outs may include, among other things, voluntary bankruptcy filings, environmental liabilities, the sale, financing or encumbrance of the property in violation of loan documents, damage to property as a result of intentional misconduct or gross negligence, failure to pay valid taxes and other claims which could create liens on the property and the conversion of security deposits, insurance proceeds or condemnation awards. The interest rate on most of our variable rate mortgage debt has been fixed through the use of interest rate swap agreements. In addition to our being liable for “standard carve-outs”, we may also be liable, at the parent company level, for swap breakage losses on otherwise non-recourse mortgage debt that is subject to an interest rate swap agreement, if such agreement is terminated prior to its stated expiration. See Note 9 to our consolidated financial statements.
- we present information regarding our 2024 contractual rental income (which we also refer to as “contractual rental income”) – contractual rental income represents the base rent tenants are required to pay us in 2024 and does not reflect, among other things, variable rent (including amounts tenants are required to reimburse us) or the adjustments required by US Generally Accepted Accounting Principles (“GAAP”) to present rental income. We view contractual rental income as an operating – not a financial – metric and present it because we believe investors are interested in knowing the amount of cash rent we are entitled to collect. Contractual rental income is not a substitute for rental income, as determined in accordance with GAAP, and may not be comparable from year-to-year or to similar metrics presented by other REITs. See “*Item 1. Business—Our Tenants*”.
- our use of the term e-commerce includes the provision by the retail, restaurant, health and fitness and theater sectors of their goods and services through distribution channels other than traditional brick and mortar distribution channels.

Cautionary Note Regarding Forward-Looking Statements

This Annual Report on Form 10-K, together with other statements and information publicly disseminated by us, contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). We intend such forward-looking statements to be covered by the safe harbor provision for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995 and include this statement for purposes of complying with these safe harbor provisions. Forward-looking statements, which are based on certain assumptions and describe our future plans, strategies and expectations, are generally identifiable by use of the words “may,” “will,” “could,” “believe,” “expect,” “intend,” “anticipate,” “estimate,” “project,” or similar expressions or variations thereof and include, without limitation, statements regarding our future estimated contractual rental income, funds from operations, adjusted funds from operations and our dividend. Among other things, forward looking statements with respect to (i) estimates of rental income for 2024 may exclude variable rent, (ii) anticipated property sales may not be completed during the period indicated or at all, and (iii) estimates of gains from property sales are subject to adjustment, among other things, because actual closing costs may differ from the estimated costs. You should not rely on forward-looking statements since they involve known and

unknown risks, uncertainties and other factors which are, in some cases, beyond our control and which could materially affect actual results, performance or achievements.

The uncertainties, risks and factors which may cause actual results to differ materially from current expectations include, but are not limited to:

- the financial failure of, or other default in payment by, tenants under their leases and the potential resulting vacancies;
- adverse changes and disruption in the retail, restaurant, theater and health and fitness sectors, which could impact our tenants' ability to pay rent and expense reimbursement;
- loss or bankruptcy of one or more of our tenants, and bankruptcy laws that may limit our remedies if a tenant becomes bankrupt and rejects its lease;
- the level and volatility of interest rates;
- general economic and business conditions and developments, including those currently affecting or that may affect our economy;
- general and local real estate conditions, including any changes in the value of our real estate;
- our ability to renew or re-lease space as leases expire;
- our ability to pay dividends;
- changes in governmental laws and regulations relating to real estate and related investments;
- compliance with credit facility and mortgage debt covenants;
- the availability of, and costs associated with, sources of capital and liquidity;
- competition in our industry;
- technological changes, such as autonomous vehicles, reconfiguration of supply chains, robotics, 3D printing or other technologies;
- potential natural disasters, epidemics, pandemics or outbreak of infectious disease, such as COVID-19, and other potentially catastrophic events such as acts of war and/or terrorism; and
- the other risks, uncertainties and factors described in the reports and documents we file with the SEC including the risks, uncertainties and factors described under "*Item 1A. Risk Factors*" and "*Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations*" in this Annual Report on Form 10-K, and in the Quarterly Reports on Form 10-Q and the other reports we file with the SEC.

In light of the factors referred to above, the future events discussed or incorporated by reference in this report and other documents we file with the SEC may not occur, and actual results, performance or achievements could differ materially from those anticipated or implied in the forward-looking statements. Given these uncertainties, you should not rely on any forward-looking statements.

Except as may be required under the United States federal securities laws, we undertake no obligation to publicly update our forward-looking statements, whether as a result of new information, future events or otherwise. You are advised, however, to consult any further disclosures we make in our reports that are filed with or furnished to the SEC.

PART I

Item 1. Business.

General

We are a self-administered and self-managed real estate investment trust, also known as a REIT. We acquire, own and manage a geographically diversified portfolio consisting of industrial and, to a lesser extent, retail properties, many of which are subject to long-term leases. Most of our leases are “net leases” under which the tenant, directly or indirectly, is responsible for paying the real estate taxes, insurance and ordinary maintenance and repairs of the property. As of December 31, 2023, we own 108 properties and participate in joint ventures that own two properties. These 110 properties are located in 31 states and have an aggregate of approximately 10.9 million square feet (including an aggregate of approximately 46,000 square feet at properties owned by our joint ventures).

As of December 31, 2023:

- our 2024 contractual rental income (as described in “— *Our Tenants*”) is \$71.3 million;
- the occupancy rate of our properties is 98.8% based on square footage;
- the weighted average remaining term of our mortgage debt is 5.9 years and the weighted average interest rate thereon is 4.31%; and
- the weighted average remaining term of the leases generating our 2024 contractual rental income is 5.5 years.

We maintain a website at www.1liberty.com. The reports and other documents that we electronically file with, or furnish to, the SEC pursuant to Section 13 or 15(d) of the Exchange Act can be accessed through this site, free of charge, as soon as reasonably practicable after we electronically file or furnish such reports. These filings are also available on the SEC’s website at www.sec.gov. The information on our website is not part of this report.

2023 and Recent Developments

In 2023, we:

- sold 10 properties (*i.e.*, seven restaurants and three retail properties) and an out-parcel at a multi-tenant retail property, for an aggregate net gain on sale of real estate of \$17.0 million. The properties sold accounted for \$2.5 million, or 2.7%, and \$3.0 million, or 3.3 %, of 2023 and 2022 rental income, net, respectively. We estimate that, excluding any acquisitions, dispositions or lease amendments in 2024, rental income in 2024 will decrease by approximately \$2.5 million from 2023 due to these sales.
- paid down our credit facility by approximately \$21.8 million primarily through the use of net proceeds from property sales – as of December 31, 2023 and March 1, 2024, no amounts were outstanding on the facility.
- acquired a multi-tenant industrial property for an aggregate purchase price of \$13.4 million. This property accounts for \$806,000, or 1.1%, of our 2024 contractual rental income.
- through an unconsolidated joint venture in which we had a 50% equity interest, sold a multi-tenant shopping center located in Manahawkin, NJ for \$36.5 million, of which our share was \$18.3 million. In 2023, we recognized a \$108,000 loss from the sale of this property. Our share of the net proceeds from this sale was \$7.1 million. We generated, in 2023, \$1.1 million (including our \$850,000 share of an impairment charge) of equity in loss and in 2022 and 2021, \$210,000 and \$11,000, respectively, of equity in earnings from this unconsolidated joint venture.
- entered into, amended or extended 28 leases with respect to approximately 988,000 square feet.

- repurchased approximately 499,000 shares of our common stock for an aggregate purchase price of approximately \$9.6 million (*i.e.*, an average price of \$19.24 per share).

Subsequent to December 31, 2023, we:

- entered into a contract to sell a pad site at a multi-tenant retail shopping center in Lakewood, Colorado, which we own through a consolidated joint venture in which we hold a 90% interest, for \$2.9 million. The buyer's right to terminate the contract expired in February 2024 and the sale is anticipated to close during the quarter ending March 31, 2024. We anticipate recognizing a gain of approximately \$1.8 million on this sale during the three months ending March 31, 2024, of which the non-controlling interest's share will be approximately \$180,000.

Our Business Objective

Our business objective is to increase stockholder value by:

- identifying opportunistic and strategic property acquisitions consistent with our portfolio and our acquisition strategies;
- monitoring and maintaining our portfolio, and as appropriate, working with tenants to facilitate the continuation or expansion of their tenancies;
- managing our portfolio effectively, including opportunistic and strategic property sales;
- obtaining mortgage indebtedness (including refinancings) on favorable terms, ensuring that the cash flow generated by a property exceeds the debt service thereon and maintaining access to capital to finance property acquisitions; and
- maintaining and, over time, increasing our dividend.

Acquisition Strategies

We seek to acquire properties throughout the United States that have locations, demographics and other investment attributes that we believe to be attractive. We believe that long-term leases provide a predictable income stream over the term of the lease, making fluctuations in market rental rates and in real estate values less significant to achieving our overall investment objectives. Our primary objective is to acquire single-tenant properties, and in particular, industrial properties, that are subject to long-term net leases that include periodic contractual rental increases or rent increases based on increases in the consumer price index. Periodic contractual rental increases provide reliable increases in future rent payments and rent increases based on the consumer price index provide protection against inflation. Historically, long-term leases have made it easier for us to obtain longer-term, fixed-rate mortgage financing with principal amortization, thereby moderating the interest rate risk associated with financing or refinancing our property portfolio and reducing the outstanding principal balance over time. We have, however, acquired properties, and may continue to acquire properties, that are subject to short-term leases when we believe that such properties represent a favorable opportunity for generating additional income from its re-lease or has significant residual value. Although we are focused on acquiring single-tenant properties subject to net leases, we also consider investments in, among other things, (i) properties that can be re-positioned or re-developed, and (ii) community shopping centers anchored by national or regional tenants.

Generally, we hold the properties we acquire for an extended period of time. Our investment criteria are intended to identify properties from which increased asset value and overall return can be realized from an extended period of ownership. Although our investment criteria favor an extended period of ownership, we will dispose of a property if we regard the disposition of the property as an opportunity to realize the overall value of the property sooner or to avoid future risks by achieving a determinable return from the property.

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

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

It is our policy, and the policy of our affiliated entities (as described below), that any investment opportunity presented to us or to any of our affiliated entities that involves the acquisition of a net leased property, a ground lease (other than a ground lease of a multi-family property) or a community shopping center, will first be offered to us and may not be pursued by any of our affiliated entities unless we decline the opportunity. Further, to the extent our affiliates are unable or unwilling to pursue an acquisition of a multi-family property (including a ground lease of a multi-family property), we may pursue such transaction if it meets our investment objectives. Our affiliated entities include Gould Investors L.P. (“Gould Investors”), a master limited partnership involved primarily in the ownership and operation of a diversified portfolio of real estate assets, BRT Apartments Corp., a NYSE listed multi-family REIT and Majestic Property Management Corp., a property management company, which is wholly owned by Fredric H. Gould, our vice chairman.

Investment Evaluation

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

- the current and projected cash flow of the property;
- the estimated return on equity to us;
- an evaluation of the property and improvements, given its location and use;
- an evaluation of the credit quality of the tenant;
- alternate uses or tenants for the property;
- local demographics (population and rental trends);
- the purpose for which the property is used (*i.e.*, industrial, retail or other);
- the terms of tenant leases, including co-tenancy provisions and the relationship between current rents and market rents;
- the potential to finance and/or refinance the property;
- the projected residual value of the property;
- the ability of a tenant, if a net leased property, or major tenants, if a multi-tenant property, to meet operational needs and lease obligations;
- potential for income and capital appreciation;
- occupancy of and demand for similar properties in the market area; and
- the ability of a tenant and the related property to withstand changing economic conditions and other challenges.

Our Tenants

The following table sets forth information about the diversification of our tenants by industry sector as of December 31, 2023:

Type of Property	Number of Tenants	Number of Properties	2024 Contractual Rental Income (1)	Percentage of 2024 Contractual Rental Income
Industrial	67	55	\$ 47,114,698	66.1
Retail—General	53	27	11,160,441	15.7
Retail—Furniture	2	10	3,983,899	5.6
Health & Fitness	1	3	2,645,989	3.7
Retail—Office Supply(2)	1	5	2,085,527	2.9
Other	4	3	1,908,522	2.7
Restaurant	6	3	1,179,911	1.7
Theater	1	2	1,176,619	1.6
	<u>135</u>	<u>108</u>	<u>\$ 71,255,606</u>	<u>100.0</u>

(1) Our 2024 contractual rental income represents, after giving effect to any abatements, concessions, deferrals or adjustments, the base rent payable to us in 2024 through the stated expiration of such leases, under leases in effect at December 31, 2023. Our 2024 contractual rental income:

- Includes an aggregate of \$2.9 million comprised of: (i) \$1.3 million based on a negotiated but unsigned lease amendment from a tenant at our Brooklyn, New York office property, (ii) \$1.2 million from Regal Cinemas, as to which there is uncertainty as to its collectability, (iii) \$325,000 representing the base rent payable by Dick’s Sporting Goods (Champaign, Illinois) in the twelve months ending December 31, 2024, although such lease is subject to termination by the landlord or tenant upon 90 days’ notice and (iv) \$120,000 from the LA Fitness lease in Hamilton, Ohio which terminates May 1, 2024.
- Excludes an aggregate of \$1.5 million comprised of: (i) subject to the property generating specified levels of positive operating cash flow, \$1.3 million of estimated variable lease payments from The Vue, a multi-family complex which ground leases the underlying land from us and as to which there is uncertainty as to when and whether the tenant will resume paying rent and (ii) \$235,000 representing our share of the base rent payable to our joint ventures.

(2) Includes five properties which are net leased to Office Depot pursuant to five separate leases. Four of the Office Depot leases contain cross-default provisions.

Many of our tenants (including franchisees of national chains) operate on a national basis including, among others, Advanced Auto, Ashley Furniture, Burlington Coat Factory, Cargill, CVS, Famous Footwear, FedEx, Ferguson Enterprises, Hobby Lobby, Home Depot USA, LA Fitness, Marshalls, NARDA Holdings, Inc., Northern Tool, Office Depot, PetSmart, Ross Stores, Shutterfly, The Toro Company, US Lumber and Walgreens, and some of our tenants operate on a regional basis, including Havertys Furniture and Giant Food Stores.

Our Leases

Most of our leases are net leases under which the tenant, in addition to its rental obligation, typically is responsible, directly or indirectly for expenses attributable to the operation of the property, such as real estate taxes and assessments, insurance and ordinary maintenance and repairs. The tenant is also generally responsible for maintaining the property and for restoration following a casualty or partial condemnation. The tenant is typically obligated to indemnify us for claims arising from the property and is responsible for maintaining insurance coverage for the property it leases and naming us an additional insured. Under some net leases, we are responsible for structural repairs, including foundation and slab, roof repair or replacement and restoration following a casualty event, and at several properties we are responsible for certain expenses related to the operation and maintenance of the property.

Leases representing 69.2% of our 2024 contractual rental income provide for either periodic contractual rent increases or a rent increase based on the consumer price index. Some leases provide for minimum rents supplemented by additional payments based on sales derived from the property subject to the lease (*i.e.*, percentage rent). Percentage rent contributed \$107,000, \$85,000 and \$70,000 of rental income in 2023, 2022 and 2021, respectively.

Generally, our strategy is to acquire properties that are subject to existing long-term leases or to enter into long-term leases with our tenants. Our leases generally provide the tenant with one or more renewal options. The weighted average remaining term of our leases was 5.5 years, 5.9 years and 6.0 years at December 31, 2023, 2022 and 2021, respectively.

The following table sets forth scheduled expirations of leases at our properties as of December 31, 2023:

<u>Year of Lease Expiration (1)</u>	<u>Number of Expiring Leases</u>	<u>Approximate Square Footage Subject to Expiring Leases (2)</u>	<u>2024 Contractual Rental Income Under Expiring Leases</u>	<u>Percentage of 2024 Contractual Rental Income Represented by Expiring Leases</u>
2024	15	647,889	\$ 2,575,111	3.6
2025	15	660,289	5,477,987	7.7
2026	19	1,007,595	6,229,965	8.7
2027	35	2,185,789	14,520,670	20.4
2028	22	1,442,680	9,831,127	13.8
2029	13	1,276,554	7,174,637	10.1
2030	13	625,026	6,679,464	9.4
2031	7	864,358	4,320,061	6.1
2032	9	325,456	3,250,054	4.6
2033	10	860,631	7,533,634	10.5
2034 and thereafter	7	829,976	3,662,896	5.1
	<u>165</u>	<u>10,726,243</u>	<u>\$ 71,255,606</u>	<u>100.0</u>

(1) Lease expirations do not give effect to the exercise of existing renewal options.

(2) Excludes an aggregate of 125,353 square feet of vacant space.

Financing, Re-Renting and Disposition of Our Properties

Our credit facility provides us with a source of funds that is used to acquire properties, payoff existing mortgages, and to a more limited extent, invest in joint ventures, improve properties and for working capital purposes. Generally, net proceeds received from the sale, financing or refinancing of properties are required to be used to repay amounts outstanding under our facility. See *“Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Credit Facility”*.

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. Generally, the proceeds of mortgage loans are first applied to reduce indebtedness on our credit facility and the balance may be used for other general purposes, including property acquisitions, investments in joint ventures or other entities that own real property, and working capital.

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

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

In 2023, we sold ten properties (*i.e.*, seven restaurants and three retail) and an out-parcel at a multi-tenant retail property. Generally, we sold these properties due to our belief that such property had achieved its maximum potential value; our concern with respect to the long-term prospects for the tenant or the geographic sub-market; or our concern in our ability, on acceptable terms, to refinance the property's mortgage debt or re-lease the property. We used a significant portion of these net proceeds to pay off \$21.8 million of credit facility debt.

Competition

The U.S. commercial real estate investment market, and in particular, the market for industrial properties, is highly competitive. We compete with many entities engaged in the acquisition, leasing and operation of commercial properties. As such, we compete with other investors for a limited supply of properties and financing for these properties. Competitors include traded and non-traded public REITs, private equity firms, institutional investment funds, insurance companies and private individuals, many of which have greater financial and other resources than we have and the ability or willingness to accept more risk than we believe appropriate for us. We can provide no assurance that we will be able to compete successfully in the commercial real estate industry.

Regulation

Environmental

Investments in real property create the potential for environmental liability on the part of the owner or operator of such real property. If hazardous substances are discovered on or emanating from a property, the owner or operator of the property may be held strictly liable for all costs and liabilities relating to such hazardous substances. We generally obtain a Phase I environmental study (which involves inspection without soil sampling or ground water analysis) conducted by independent environmental consultants prior to acquiring a property and, in certain instances, have conducted additional investigations.

We do not believe that there are hazardous substances existing on our properties that would have a material adverse effect on our business, financial position or results of operations. We do not carry insurance coverage for the types of environmental risks described above.

We believe that we are in compliance, in all material respects, with all federal, state and local ordinances and regulations regarding hazardous or toxic substances. Furthermore, we have not been notified by any governmental authority of any noncompliance, liability or other claim in connection with any of our properties, that we believe would have a material adverse effect on our business, financial position or results of operations.

Americans with Disabilities Act of 1990

Our properties are required to comply with the Americans with Disabilities Act of 1990 and similar state and local laws and regulations (collectively, the "ADA"). The primary responsibility for complying with the ADA, (*i.e.*, either us or our tenant) generally depends on the applicable lease, but we may incur costs if the tenant is responsible and does not comply. As of December 31, 2023, we have not been notified by any governmental authority, nor are we otherwise aware, of any non-compliance with the ADA that we believe would have a material adverse effect on our business, financial position or results of operations.

Other Regulations

State and local governmental authorities regulate the use of our properties. While many of our leases mandate that the tenant is primarily responsible for complying with such regulations, the tenant's failure to comply could result in the imposition of fines or awards of damages on us, as the property owner, or restrictions on the ability to conduct business on such properties.

Human Capital Resources

As of December 31, 2023, we had 10 full-time employees (including 5 full-time executive officers), who devote substantially all of their business time to our activities. In addition, certain (i) executive, administrative, legal, accounting, clerical, property management, property acquisition, consulting (*i.e.*, sale, leasing, brokerage, and mortgage financing), and construction supervisory services, which we refer to collectively as the "Services", and (ii) facilities and other resources, are provided pursuant to a compensation and services agreement between us and Majestic Property Management Corp., which we refer to as "Majestic Property." Majestic Property is wholly-owned by the Vice Chairman of our Board of Directors and it compensates certain of our executive officers.

In 2023, pursuant to the compensation and services agreement, we paid Majestic Property approximately \$3.3 million for the Services plus \$317,000 for our share of all direct office expenses, including rent, telephone, postage, computer services, internet usage and supplies. Included in the \$3.3 million is \$1.5 million for property management services—the amount for the property management services is based on 1.5% and 2.0% of the rental payments (including tenant reimbursements) actually received by us from net lease tenants and operating lease tenants, respectively. We do not pay Majestic Property with respect to properties managed by third parties. Based on our portfolio of properties at December 31, 2023, we estimate that the property management fee in 2024 will be approximately \$1.4 million.

We provide a competitive benefits program to help meet the needs of our employees. In addition to salaries, the program includes annual cash bonuses, stock awards, contributions to a pension plan, healthcare and insurance benefits, health savings accounts, paid time off, family leave and an education benefit. Employees are offered great flexibility to meet personal and family needs and regular opportunities to participate in professional development programs. Most of our employees have a long tenure with us, which we believe is indicative of our employees' satisfaction with the work environment we provide.

We maintain a work environment that is free from discrimination or harassment on the basis of color, race, sex, national origin, ethnicity, religion, age, disability, sexual orientation, gender identification or expression or any other status protected by applicable law, and our employees are compensated without regard to any of the foregoing.

Information about our Executive Officers

Set forth below is a list of our executive officers whose terms expire at our 2024 annual board of directors' meeting. The business history of our executive officers, who are also directors, will be provided in our proxy statement to be filed with the SEC not later than April 29, 2024:

NAME	AGE	POSITION WITH THE COMPANY
Matthew J. Gould*	64	Chairman of the Board
Fredric H. Gould*	88	Vice Chairman of the Board
Patrick J. Callan, Jr.	61	President, Chief Executive Officer and Director
Lawrence G. Ricketts, Jr.	47	Executive Vice President and Chief Operating Officer
Jeffrey A. Gould*	58	Senior Vice President and Director
Isaac Kalish**	48	Senior Vice President and Chief Financial Officer
David W. Kalish**	76	Senior Vice President—Financial Officer
Mark H. Lundy	61	Senior Vice President
Israel Rosenzweig	76	Senior Vice President
Richard M. Figueroa	56	Senior Vice President
Justin Clair	41	Executive Vice President
Mili Mathew	40	Vice President—Financial
Alysa Block	63	Treasurer

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

** Isaac Kalish is David W. Kalish's son.

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

Isaac Kalish. Mr. Kalish has served as our Chief Financial Officer since 2023, as Senior Vice President since 2022 and as Vice President from 2013 through 2022. He has served as Treasurer of the managing general partner of Gould Investors since 2013 and as its Assistant Treasurer from 2012, as Senior Vice President since 2022, as Vice President and Treasurer of BRT Apartments Corp. since 2013 and 2014, respectively, and as its Assistant Treasurer from 2009 through 2013. He is a certified public accountant.

David W. Kalish. Mr. Kalish has served since 2023 as our Senior Vice President-Finance, and from 1990 to 2023, as Chief Financial Officer and Senior Vice President. Since 1998, he has served as Senior Vice President, Finance and from 1990 to 1998, as Vice President of BRT Apartments. Since 1990, he has served as Senior Vice President and Chief Financial Officer of the managing general partner of Gould Investors. Mr. Kalish is a certified public accountant.

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

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

Richard M. Figueroa. Mr. Figueroa has served as our Senior Vice President since 2019, as Vice President from 2001 through 2019, as Vice President of BRT Apartments from 2002 through 2019 and as Vice President of the managing general partner of Gould Investors since 1999. Mr. Figueroa is an attorney admitted to practice in New York.

Justin Clair. Mr. Clair has served as Executive Vice President since 2023, as Senior Vice President—Acquisitions from 2019 through 2023, as Vice President from 2014 through 2019, as Assistant Vice President from 2010 through 2014, and has been employed by us since 2006.

Mili Mathew. Ms. Mathew has served as Chief Accounting Officer since 2023, Vice President—Financial, since 2022, as Assistant Vice President—Financial, from 2020 through 2022, and has been employed by us since 2014.

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

Item 1A. Risk Factors.

Set forth below is a discussion of certain risks affecting our business. The categorization of risks set forth below is meant to help you better understand the risks facing our business and is not intended to limit your consideration of the possible effects of these risks to the listed categories. Any impacts from the realization of any of the risks discussed, including our financial condition and results of operations, may, and likely will, adversely affect many aspects of our business. In addition to the other information contained or incorporated by reference in this Form 10-K, readers should carefully consider the following risk factors:

Risks Related to Our Business

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

Substantially all of our rental income is derived from rent paid by our tenants. From 2024 through 2029, the following leases expire:

Leases Expiring December 31,	Number of Leases	2024 Contractual Rental Income	Percentage of 2024 Contractual Rental Income
2024 - 2026	49	\$ 14,283,063	20.0
2027 - 2029	70	31,526,434	44.3

If our tenants, and in particular, our significant tenants, (i) do not renew their leases upon lease expiration, (ii) default on their obligations or (iii) seek rent relief, lease renegotiation or other accommodations, our revenues would decline and, in certain cases, co-tenancy provisions (*i.e.*, a tenant’s right to reduce their rent or terminate their lease if certain key tenants vacate a property) may be triggered possibly allowing other tenants at the same property to reduce their rental payments or terminate their leases. At the same time, we would remain responsible for the payment of the mortgage obligations with respect to the related properties, would become responsible for the operating expenses (*e.g.*, real estate taxes, maintenance and insurance) related to these properties, and, in the event of tenant defaults, would incur expenses in enforcing our rights as landlord. Our efforts to find replacement tenants may be challenged as there are a limited number of tenants interested in certain types of properties, such as our theaters (*i.e.*, Regal Cinemas) and health and fitness centers (*i.e.*, LA Fitness) which accounts in the aggregate for \$3.8 million, or 5.4%, of 2024 contractual rental income and the cost of reconfiguring such properties to make them more attractive to a broader set of potential tenants may be prohibitive. Even if we find replacement tenants or renegotiate leases with current tenants, the terms of the new or renegotiated leases, after giving effect to tenant concessions or the cost of required renovations/reconfigurations may be less favorable than current lease terms and could reduce the amount of cash available to meet expenses and pay dividends. If we are unable to re-rent properties on favorable terms with respect to properties at which tenants default on their rent obligation or do not renew their leases at lease expiration, our results of operations, cash flow and financial condition will be adversely affected.

Our portfolio of properties is concentrated in the industrial and retail real estate sectors, and our business would be adversely affected by an economic downturn in either of such sectors.

Approximately 66.1% and 24.2% of our 2024 contractual rental income is derived from industrial and retail tenants, respectively, and we are vulnerable to economic declines that negatively impact these sectors of the economy, which would have an adverse effect on our results of operations, liquidity and financial condition.

Traditional retail tenants account for 24.2% of our 2024 contractual rental income and the competition that such tenants face from e-commerce retail sales could adversely affect our business.

Approximately 24.2% of our 2024 contractual rental income is derived from retail tenants, including 5.6% from tenants engaged in selling furniture (*i.e.*, Havertys Furniture accounts for 4.7% of 2024 contractual rental income) and 2.9% from a tenant engaged in selling office supplies (*i.e.*, Office Depot, a tenant at five properties, one of which is currently closed but for which the tenant continues to pay rent and the lease expires in May 2025). Because e-commerce retailers (unlike “bricks and mortar” or “traditional” retailers) may be able to provide customers with better pricing and the ease, comfort and safety of shopping from their home or office, our retail tenants face extensive competition from e-commerce retailers. E-commerce sales decrease the need for traditional retail outlets and reduce retailers’ space and property requirements. This adversely impacts our ability to rent space at our retail properties and increases competition for retail tenants thereby reducing the rent we would receive at these properties and adversely affecting our results of operations, cash flow and financial condition.

Approximately 22.3% of our 2024 contractual rental income is derived from five tenants. The default, financial distress or failure of any of these tenants, or such tenant’s determination not to renew or extend their lease, would significantly reduce our revenues.

FedEx, Havertys Furniture, Northern Tool, NARDA Holdings, Inc. and LA Fitness account for approximately 5.5%, 4.7%, 4.3%, 4.1% and 3.7%, respectively, of our 2024 contractual rental income, and the weighted average remaining lease term for such tenants is 3.7 years, 4.4 years, 5.3 years, 9.7 years and 7.0 years, respectively. The default, financial distress or bankruptcy of any of these or other significant tenants or such tenant’s determination not to renew or extend their lease, would significantly reduce our revenues, would cause interruptions in the receipt of, or the loss of, a significant amount of rental income and would require us to pay operating expenses (including real estate taxes) currently paid by the tenant. This could also result in the vacancy of the property or properties occupied by the defaulting or non-renewing tenant, which would significantly reduce our rental revenues and net income until the re-rental of the property or properties and could decrease the ultimate sale value of the property.

Write-offs of unbilled rent receivables and intangible lease assets will reduce our net income, total assets and stockholders’ equity and may result in breaches of financial covenants under our credit facility.

At December 31, 2023, the aggregate of our unbilled rent receivable and intangible lease assets is \$31.3 million (including \$14.7 million of intangible lease assets): six tenants (*i.e.*, Northern Tool, Famous Footwear, NARDA Holdings, Inc., FedEx, Q.E.P. Co., Inc., and LA Fitness) account for 35.6% of such sum. We are required to assess the collectability of our unbilled rent receivables and the remaining useful lives of our intangible lease assets. Such assessments take into consideration, among other things, a tenant’s payment history, financial condition, and the likelihood of collectability of future rent. If we determine that the collectability of a tenant’s unbilled rent receivable is not probable or that the useful life of a tenant’s intangible lease asset has changed, write-offs would be required. Such write-offs result in a reduction of our net income, total assets and stockholders’ equity and in certain circumstances may result in the breach of our financial covenants under the credit facility.

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

Approximately 47.2% of our 2024 contractual rental income is derived from properties located in six states — South Carolina (12.0%), New York (9.2%), Texas (7.9%), Pennsylvania (7.6%), New Jersey (5.3%) and Maryland (5.2%). As a result, a decline in the economic conditions in these states or in regions where our properties are concentrated, may have an adverse effect on the rental and occupancy rates for, and the property values of, these properties, which could lead to a reduction of our rental income and/or impairment charges.

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

If we are presented with indicators of impairment in the value of a particular property or group of properties, we will be required to perform an impairment analysis for such property or properties. If we determine that any of our properties at which indicators of impairment exist have undiscounted cash flows below the net book value of such property, we will be required to recognize an impairment charge for the difference between the fair value and the book value during the quarter in which we make such determination. Any impairment charge would reduce our net income and stockholder's equity.

Our ability to fully control the maintenance of our net-leased properties may be limited.

The tenants of our net-leased properties are responsible for maintenance and other day-to-day management of the properties. If a property is not adequately maintained in accordance with the terms of the applicable lease, we may incur expenses for deferred maintenance or other liabilities once the property is no longer leased. While we visit our properties on an intermittent basis, these visits are not comprehensive inspections and deferred maintenance items may go unnoticed. While our leases generally provide for recourse against the tenant in these instances, a bankrupt or financially-troubled tenant may be more likely to defer maintenance, and it may be more difficult to enforce remedies against such a tenant.

A significant portion of our leases are long-term and do not have fair market rental rate adjustments, which could negatively impact our income and reduce the amount of funds available to make distributions to stockholders.

A significant portion of our rental income comes from long-term net leases. There is an increased risk with long-term leases, which risk is heightened in an inflationary environment, that the contractual rental increases in future years will fail to result in fair market rental rates during those years. If we do not accurately judge the potential for increases in market rental rates when negotiating these long-term leases or if we are unable to obtain any increases in rental rates over the terms of our leases, significant increases in future property operating costs, to the extent not covered under the net leases, could result in us receiving less than fair value from these leases. As a result, our income and distributions to our stockholders could be lower than they would otherwise be if we did not engage in long-term net leases. In addition, increases in interest rates may also negatively impact the value of our properties that are subject to long-term leases. While a significant number of our net leases provide for annual escalations in the rental rate, the increase in interest rates may outpace the annual escalations.

Risks Related to Our Financing Activities, Indebtedness and Capital Resources

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

We had, as of December 31, 2023, \$422.6 million in mortgage debt outstanding (all of which is non-recourse subject to standard carve-outs). The risks associated with our mortgage debt, include the risks that cash flow from properties securing the indebtedness and our available cash and cash equivalents will be insufficient to meet required payments of principal and interest.

Generally, only a portion of the principal of our mortgage indebtedness will be repaid prior to or at maturity and we do not plan to retain sufficient cash to repay such indebtedness at maturity. Accordingly, to meet these obligations if they cannot be refinanced at maturity, we will have to use funds available under our credit facility, if any, and our available cash and cash equivalents to pay our mortgage debt or seek to raise funds through the financing of unencumbered properties, sale of properties or the issuance of additional equity. From 2024 through 2028, approximately \$168.6 million of our mortgage debt matures. If we are unsuccessful in refinancing or extending existing mortgage indebtedness or financing unencumbered properties, selling properties on favorable terms or raising additional equity, our cash flow will be insufficient to repay all maturing mortgage debt when payments become due, and we may be forced to dispose of properties on disadvantageous terms or convey properties secured by mortgages to the mortgagees, which would lower our revenues and the value of our portfolio.

We may find that the value of a property could be less than the mortgage secured by such property. We may also have to decide whether we should refinance or pay off a mortgage on a property at which the mortgage matures prior to lease expiration and the tenant may not renew the lease. In these types of situations, after evaluating various factors, including among other things, the tenant's competitive position in the applicable sub-market, our and our tenant's estimates of its prospects, consideration of alternative uses and opportunities to re-purpose or re-let the property, we may seek to renegotiate the terms of the mortgage, or to the extent that the loan is non-recourse and the terms of the mortgage cannot be satisfactorily renegotiated, forfeit the property by conveying it to the mortgagee and writing off our investment.

Volatile or increasing interest rates, or credit market tightening, may make it more difficult for us to secure financing, which may limit our ability to finance or refinance our real estate properties, reduce the number of properties we can acquire, sell certain properties, and decrease our stock price.

Increases or volatility in interest rates, or reduced access to credit markets, may make it difficult for us to obtain financing, refinance mortgage debt, limit the mortgage debt available on properties we wish to acquire and limit the properties we can acquire. Even in the event that we are able to secure mortgage debt on, or otherwise finance our real estate properties, due to increased costs associated with securing financing and other factors beyond our control, we may be unable to refinance the entire outstanding loan balance or be subject to unfavorable terms (such as higher loan fees, interest rates and periodic payments). In addition, increasing interest rates could decrease the amount third parties are willing to pay for our assets, thereby limiting our ability to dispose of assets on more favorable terms.

Interest rates have been volatile as the interest rate on the 10-year treasury notes ranged from 0.90% to 5.02% during the three years ended December 31, 2023. At March 1, 2024, the interest rate on such notes was 4.19%. If we are required to refinance mortgage debt that matures over the next several years at higher interest rates than such mortgage debt currently bears, the funds available for dividends may be reduced. The following table sets forth, as of December 31, 2023, the principal balance of the mortgage payments due at maturity on our properties and the weighted average interest rate thereon (dollars in thousands):

Year	Principal Balances Due at Maturity	Weighted Average Interest Rate Percentage
2024	\$ 49,906	4.72
2025	30,850	4.32
2026	19,179	3.88
2027	38,524	3.64
2028	30,155	4.64
2029 and thereafter	168,560	4.29

We manage a substantial portion of our exposure to interest rate risk by accessing debt with staggered maturities, obtaining fixed rate mortgage debt and by fixing the interest rate on substantially all of our variable rate debt through the use of interest rate swap agreements. However, no amount of hedging activity can fully insulate us from the risks associated with changes in interest rates. Swap agreements involve risk, including that counterparties may fail to honor their obligations under these arrangements, and these arrangements have caused

us to pay higher interest rates on our debt obligations than would otherwise be the case. Failure to hedge effectively against interest rate risk could adversely affect our results of operations and financial condition.

Because REIT stocks are often perceived as high-yield investments, investors may perceive less relative benefit to owning REIT stocks as interest rates and the yield on government treasuries and other bonds increase or are especially volatile. Accordingly, increases and volatility in interest rates may reduce the amount investors are willing to pay for our common stock.

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

At December 31, 2023, we had \$422.6 million of debt outstanding all related to our mortgage debt and no debt outstanding on our credit facility. Increased leverage, whether pursuant to our credit facility or mortgage debt, could result in increased risk of default on our payment obligations related to borrowings and in an increase in debt service requirements, which could reduce our net income and the amount of cash available to meet expenses and to pay dividends.

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

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

Failure to meet interest and other payment obligations under our revolving credit facility or a breach by us of the covenants to maintain the financial ratios could place us in default under our credit facility. In such event, if no amounts were outstanding under the facility, we would not be entitled to draw on the facility which could impede our ability, among other things, to acquire properties or fund working capital requirements. If we defaulted on the facility while amounts were outstanding, the lenders could require us to repay the full amount outstanding, and we might be required to rapidly dispose of our properties, which could have an adverse impact on the amounts we receive on such dispositions. If we are unable to dispose of our properties in a timely fashion to the satisfaction of the banks, the banks could foreclose on that portion of our collateral pledged to the banks, which could result in the disposition of our properties at below-market values. The disposition of our properties at below our carrying value would adversely affect our net income, reduce our stockholders' equity and adversely affect our ability to pay dividends.

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

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

Our failure to comply with our obligations under our mortgages may reduce our stockholders' equity, and adversely affect our net income and ability to pay dividends.

Several of our mortgages include covenants that require us to maintain certain financial ratios, including various coverage ratios, and comply with other requirements. Failure to meet interest and other payment obligations under these mortgages or a breach by us of the covenants to comply with certain financial ratios would place us in non-compliance under such mortgages. If a mortgagee called a default and required us to repay the full amount outstanding under such mortgage, we might be required to rapidly dispose of the property subject to such mortgage which could have an adverse impact on the amounts we receive on such disposition. If we are unable to satisfy the covenants of a mortgage, the mortgagee could exercise remedies available to it under the

applicable mortgage and as otherwise provided by law, including the possible appointment of a receiver to manage the property, application of deposits or reserves maintained under the mortgage for payment of the debt, or foreclose and/or cause the forced sale of the property or asset securing such debt. A foreclosure or other forced disposition of our assets could result in the disposition of such assets at below such assets' carrying values. The disposition of our properties or assets at below their carrying values may adversely affect our net income, reduce our stockholders' equity and adversely affect our ability to pay dividends.

Risks Related to Real Estate Investments

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

We are subject to the general risks of investing in leased real estate. These include the non-performance of lease obligations by tenants, leasehold improvements that will be costly or difficult to remove should it become necessary to re-rent the leased space for other uses, covenants in certain retail leases that limit the types of tenants to which available space can be rented (which may limit demand or reduce the rents realized on re-renting), rights to terminate leases due to co-tenancy provisions, events of casualty or condemnation affecting the leased space or the property or due to interruption of the tenant's quiet enjoyment of the leased premises, obligations of a landlord to restore the leased premises or the property following events of casualty or condemnation, adverse changes in economic conditions and local conditions (e.g., changing demographics, retailing trends and traffic patterns), declines in rental rates, changes in the supply and price of quality properties and the market supply and demand of competing properties, the impact of environmental laws, security concerns, prepayment penalties applicable under mortgage financings, changes in tax, zoning, building code, fire safety and other laws and regulations, the type of insurance coverage available, and changes in the type, capacity and sophistication of building systems. The occurrence of any of these events could adversely impact our results of operations, liquidity and financial condition.

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

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

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

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

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

We have been, and will continue to be, subject to significant competition for attractive investment opportunities, and in particular, opportunities for industrial properties which are the primary focus of our and many of our competitors acquisition efforts. Our competitors include publicly-traded REITs, non-traded REITs, insurance companies, commercial and investment banking firms, private institutional funds, hedge funds, private equity funds and other investors, many of whom have greater financial and other resources than we have. We may not be able to compete successfully for investments. If we pay higher prices for investments, our returns may be lower and the value of our assets may not increase or may decrease significantly below the amount we paid for such assets. If such events occur, we may experience lower returns on our investments.

Our current and future investments in joint ventures could be adversely affected by the lack of sole decision making authority, reliance on joint venture partners' financial condition or insurance coverage, disputes that may arise between our joint venture partners and us and our reliance on one significant joint venture partner.

Five properties in which we have an interest are owned through consolidated joint ventures (three properties) and unconsolidated joint ventures (two properties). We may continue to acquire properties through joint ventures and/or contribute some of our properties to joint ventures. Investments in joint ventures may, under certain circumstances, involve risks not present when a third party is not involved, including the possibility that joint venture partners might file for bankruptcy protection, fail to fund their share of required capital contributions or obtain insurance coverage pursuant to a blanket policy as a result of which claims with respect to other properties covered by such policy and in which we have no interest could reduce or eliminate the coverage available with respect to the joint venture properties. Further, joint venture partners may have conflicting business interests or goals, and as a result there is the potential risk of impasses on decisions, such as a sale and the timing thereof. Any disputes that may arise between joint venture partners and us may result in litigation or arbitration that would increase our expenses and prevent our officers and/or directors from focusing their time and effort on our business. Consequently, actions by or disputes with joint venture partners might result in subjecting properties owned by the joint venture to additional risk. With respect to our (i) consolidated joint ventures, we own, with two joint venture partners and their respective affiliates, properties that account for 4.3% of 2024 contractual rental income, and (ii) unconsolidated joint ventures, we own, with one joint venture partner and their affiliates, properties which account for our \$235,000 share of 2024 base rent payable. We may be adversely affected if we are unable to maintain a satisfactory working relationship with these joint venture partners or if any of these partners becomes financially distressed.

Regulatory and Tax Risks

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

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

We cannot provide any assurance that existing environmental studies with respect to any of our properties reveal all potential environmental liabilities, that any prior owner of a property did not create any material environmental condition not known to us, or that a material environmental condition does not otherwise exist, or may not exist in the future, as to any one or more of our properties. If a material environmental condition does in

fact exist, or exists in the future, the remediation costs could have a material adverse impact upon our results of operations, liquidity and financial condition.

Compliance with the Americans with Disabilities Act could be costly.

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

Legislative or regulatory tax changes could have an adverse effect on us.

There are a number of issues associated with an investment in a REIT that are related to the Federal income tax laws, including, but not limited to, the consequences of our failing to continue to qualify as a REIT. At any time, the Federal income tax laws governing REITs or the administrative interpretations of those laws may be amended or modified. Any new laws or interpretations may take effect retroactively and could adversely affect us or our stockholders.

Risks Related to OLP's Organization, Structure and Ownership of Stock

Our transactions with affiliated entities involve conflicts of interest.

From time to time we have entered into transactions with persons and entities affiliated with us and with certain of our officers and directors. Such transactions involve a potential conflict of interest and entail a risk that we could have obtained more favorable terms if we had entered into such transaction with an unaffiliated third party. We are a party to a compensation and services agreement with Majestic Property effective as of January 1, 2007, as amended. Majestic Property is wholly owned by the vice chairman of our board of directors and it provides compensation to certain of our part-time senior executive officers and other individuals performing services on our behalf. Pursuant to the compensation and services agreement, we pay an annual fee to Majestic Property which provides us with the Services. See "Item 1. Business—Human Capital Resources". In 2023 we paid, and in 2024 we anticipate paying, Majestic Property, (i) a fee of \$3.3 million and \$3.3 million, respectively, and (ii) \$317,000 and \$336,000, respectively, for our share of all direct office expenses, including rent, telephone, postage, computer services, supplies, and internet usage. We also obtain our property insurance in conjunction with Gould Investors, our affiliate, and in 2023, reimbursed Gould Investors \$1.1 million for our share of the insurance premiums paid by Gould Investors. At December 31, 2023, Gould Investors beneficially owns approximately 10.4% of our outstanding common stock and certain of our senior executive officers are also executive officers of the managing general partner of Gould Investors.

Our senior management and other key personnel, including those performing services on a part-time basis, are critical to our business and our future success depends on our ability to retain them.

We depend on the services of Matthew J. Gould, chairman of our board of directors, Fredric H. Gould, vice chairman of our board of directors, Patrick J. Callan, Jr., our president and chief executive officer, Lawrence G. Ricketts, Jr., our executive vice president and chief operating officer, Isaac Kalish, our chief financial officer and senior vice president and David W. Kalish, our senior vice president- financial, and other members of senior management to carry out our business and investment strategies. Of the foregoing executive officers, only Messrs. Callan and Ricketts, devote all of their business time to us. Other members of senior management provide services to us either on a full-time or part-time, as-needed basis. The loss of the services of any of our senior management or other key personnel, the inability or failure of the members of senior management providing services to us on a part-time basis to devote sufficient time or attention to our activities or our inability to recruit and retain qualified personnel in the future, could impair our ability to carry out our business and investment strategies.

Certain provisions of our charter, our Bylaws, as amended, and Maryland law may inhibit a change in control that stockholders consider favorable and could also limit the market price of our common stock.

Certain provisions of our charter (the “Charter”), our Bylaws and Maryland law may impede, or prevent, a third party from acquiring control of us without the approval of our board of directors. These provisions:

- provide for a staggered board of directors consisting of three classes, with one class of directors being elected each year and each class being elected for three-year terms and until their successors are duly elected and qualify;
- impose restrictions on ownership and transfer of our stock (such provisions being intended to, among other purposes, facilitate our compliance with certain requirements under the Code, relating to our qualification as a REIT under the Code); and
- provide that directors may be removed only for cause and only by the vote of at least a majority of all outstanding shares entitled to vote.

Certain provisions of the Maryland General Corporation Law (the “MGCL”) may impede a third party from making a proposal to acquire us or inhibit a change of control under circumstances that otherwise could be in the best interest of holders of shares of our common stock, including:

- “control share” provisions that provide that, subject to certain exceptions, holders of “control shares” of our company (defined as voting shares which, when aggregated with other shares controlled by the stockholder, entitle the holder to exercise voting power in the election of directors within one of three increasing ranges) acquired in a “control share acquisition” (defined as the direct or indirect acquisition of ownership or control of issued and outstanding “control shares,” subject to certain exceptions) have no voting rights with respect to the control shares except to the extent approved by our stockholders by the affirmative vote of at least two-thirds of all the votes entitled to be cast on the matter, excluding all interested shares; and
- additionally, Title 3, Subtitle 8 of the MGCL permits our board of directors, without stockholder approval and regardless of what is currently provided in the Charter or the Bylaws, to implement certain corporate governance provisions.

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

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

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

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

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

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

In order to qualify as a REIT for Federal income tax purposes, we must continually satisfy tests concerning, among other things, our sources of income, the amounts we distribute to our stockholders and the ownership of our stock. We may also be required to make distributions to stockholders at disadvantageous times or when we do not have funds readily available for distribution. Accordingly, compliance with REIT requirements hinders our ability to operate solely on the basis of maximizing profits.

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

If we reduce or do not increase our dividend, the market value of our common stock may decline.

The level of our dividend is established by our board of directors from time to time based on a variety of factors, including our cash available for distribution, funds from operations, adjusted funds from operations and maintenance of our REIT status. Various factors could cause our board of directors to decrease or not increase our dividend, including tenant defaults or bankruptcies resulting in a material reduction in our funds from operations, a material loss resulting from an adverse change in the value of one or more of our properties, or insufficient income to cover our dividends. It is possible that a portion of the dividends we would pay in 2023 would constitute a return of capital and in such event we would not be required to pay such sum to maintain our REIT status. If our board of directors determines to reduce or not increase our dividend for the foregoing or any other reason, the market value of our common stock could be adversely affected.

The stock market is volatile, and fluctuations in our operating results, removal from various indices and other factors could cause our stock price to decline.

The stock market has experienced, and may continue to experience, fluctuations that significantly impact the market prices of securities issued by many companies. Market fluctuations could adversely affect our stock price. These fluctuations have often been unrelated or disproportionate to the operating performance of particular companies. These broad market fluctuations, as well as general economic, systemic, political and market conditions, such as pandemics, recessions, loss of investor confidence, interest rate changes, government shutdowns, or trade wars, may negatively affect the market price of our common stock. Moreover, our operating results may fluctuate and vary from period to period due to the risk factors set forth herein.

Although our common stock is quoted on the New York Stock Exchange, the volume of trades on any given day has been limited historically, as a result of which stockholders might not have been able to sell or purchase our common stock at the volume, price or time desired. Further, if our common stock is removed from the Russell 3000® Index because it does not meet the criteria for continued inclusion in such index, index funds, institutional investors, or other holders attempting to track the composition of that index may be required to sell our common stock, which would adversely impact the price and frequency at which it trades.

General Business Risks

Enhanced market and economic volatility due to adverse economic and geopolitical conditions, health crises or dislocations in the credit markets, could have a material adverse effect on our results of operations, financial condition and ability to pay dividends.

Our business may be adversely affected by market and economic volatility experienced by the U.S. and global economies, the real estate industry as a whole and/or the local economies in the markets in which our properties are located. Such adverse conditions may be due to, among other issues, rising inflation and interest rates, volatility in the public equity and debt markets, labor market challenges and international economic and other conditions, including pandemics, geopolitical instability (such as the war in Ukraine), sanctions and other conditions beyond our control. These current conditions, or similar conditions existing in the future, may adversely affect our results of operations, financial condition and ability to pay dividends as a result of one or more of the following, among other potential consequences:

- the financial condition of our tenants may be adversely affected, which may result in lower rents or tenant defaults;
- current or potential tenants may delay or postpone entering into long-term net leases with us;
- the ability to borrow on acceptable terms and conditions may be limited or unavailable, which could reduce our ability to pursue acquisitions, dispositions and refinance existing debt, reduce our returns from acquisition and disposition activities, increase our future interest expense and reduce our ability to make cash distributions to our stockholders;
- our ability to access the capital markets may be restricted at a time when we would like, or need, to access those markets, which could have an impact on our flexibility to react to changing economic and business conditions;
- the recognition of impairment charges on or reduced values of our properties, which may adversely affect our results of operations or limit our ability to dispose of assets at attractive prices and may reduce the availability of financing;
- reduced values of our properties may limit our ability to dispose of assets at attractive prices or to obtain debt financing secured by our properties;
- our line of credit lenders could refuse to fund their financing commitment to us or could fail and we may not be able to replace the financing commitment of any such lenders on favorable terms, or at all; and
- one or more counterparties to our derivative financial instruments could default on their obligations to us, or could fail, increasing the risk that we may not realize the benefits of these instruments.

Breaches of information technology systems could materially harm our business and reputation.

We collect and retain on information technology systems, certain financial, personal and other sensitive information provided by third parties, including tenants, vendors, employees and joint venture partners. We also rely on information technology systems for the collection and distribution of funds. We have been, and continue to be, subject to cybersecurity attacks although we have not incurred any significant loss therefrom. There can be no assurance that we will be able to prevent unauthorized access to sensitive information or the unauthorized distribution of funds. Any loss of this information or unauthorized distribution of funds as a result of a cybersecurity attack may result in loss of funds to which we are entitled, legal liability and costs (including damages and penalties), as well as damage to our reputation, that could materially and adversely affect our business.

Actual or threatened epidemics, pandemics, outbreaks, or other public health crises may adversely affect our tenants' financial condition and the profitability of our properties.

Our business and the businesses of our tenants could be materially and adversely affected by the risks, or the public perception of the risks, related to an epidemic, pandemic, outbreak, or other public health crisis, such as the COVID-19 pandemic. The risk, or public perception of the risk, of a pandemic or media coverage of infectious diseases could cause customers to avoid retail properties, and with respect to our properties generally, could cause temporary or long-term disruptions in our tenants' supply chains and/or delays in the delivery of our tenants' inventory. Moreover, an epidemic, pandemic, outbreak or other public health crisis, such as COVID-19, could cause the on-site employees of our tenants to avoid our tenants' properties, which could adversely affect our tenants' ability to adequately manage their businesses. Risks related to an epidemic, pandemic or other health crisis, such as COVID-19, could also lead to the complete or partial closure of one or more of our tenants' stores or facilities. Such events could adversely impact our tenants' sales and/or cause the temporary closure of our tenants' businesses, which could severely disrupt their operations and the rental revenue we generate from our leases with them. The ultimate extent of the impact of any epidemic, pandemic or other health crisis on our business, financial condition and results of operations will depend on future developments, which are highly uncertain and cannot be predicted, including new information that may emerge concerning the severity of such epidemic, pandemic or other health crisis and actions taken to contain or prevent their further spread, among others. These and other potential impacts of an epidemic, pandemic or other health crisis, such as COVID-19, could therefore materially and adversely affect our business, financial condition and results of operations.

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

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

We are dependent on third party software for our financial reporting processes and systems.

We are dependent on third party software, and in particular, Yardi's property management software, for generating tenant invoices, collecting receivables, paying payables and preparing financial reports. If the software does not perform as required (including non-performance resulting from the software vendors' unwillingness or inability to maintain or upgrade the functionality of the software), our ability to conduct operations would be adversely affected.

Item 1B. Unresolved Staff Comments.

None.

Item 1C. Cybersecurity.

Our information technology, communication networks, enterprise applications, accounting and financial reporting platforms and related systems are integral to our operations. We use these systems, among others, for internal communications, for accounting and record-keeping functions, and for many other key aspects of our business. Our operations rely on securing, collecting, storing, transmitting, and processing of proprietary and confidential data.

We have deployed various safeguards designed to protect our information technology (“IT”) systems from cybersecurity threats, including firewalls, intrusion prevention and detection systems, anti-malware functionality and access controls. At the management level, these cybersecurity defense systems are overseen by our network administrator who performs services for us on a part-time basis pursuant to the Compensation and Services Agreement. Our network administrator has more than 20 years of experience with IT systems and holds various IT certifications. Our network administrator reports to, and is in regular contact with, our Chief Financial Officer and Senior Vice President-Financial. These officers do not have formal IT or cybersecurity training. In the event of a cybersecurity incident, among other things, the network administrator and these officers would consult with one another and, as needed or appropriate, other members of management to determine the appropriate course of action (including whether such incident should be reported to other members of management and/or the audit committee and whether public disclosure should, or is, required to be made).

Our internal auditor performs certain procedures to test the integrity and functionality of our IT systems (which includes a high-level review of our cybersecurity defenses). In addition, we have retained a third-party cybersecurity consulting firm that (i) advises us as to cybersecurity matters (including prevailing cybersecurity threats), (ii) performs, on a periodic basis, assessments of our cybersecurity defenses and (iii) on a continuous basis, monitors our IT systems for cybersecurity threats and intrusions.

We are not aware of any risks from cybersecurity threats that have materially affected or are reasonably likely to materially affect us. See “*Item 1A. Risk Factors*” in this Annual Report for additional discussion about cybersecurity-related risks.

To operate our business, we use certain third-party service providers to perform a variety of functions. We seek to engage reliable, reputable service providers that maintain cybersecurity programs and we generally rely on such providers to maintain appropriate cybersecurity practices.

At the Board level, our cybersecurity practices are overseen by the audit committee as part of its oversight of our risk management activities. The committee meets periodically with, among others, our internal auditor and network administrator to review and discuss cybersecurity matters.

Item 2. Properties.

As of December 31, 2023, we own 108 properties with an aggregate net book value of \$682.0 million. Our occupancy rate, based on square footage, was 98.8%, 99.8%, and 99.2% as of December 31, 2023, 2022 and 2021, respectively.

At December 31, 2023, we participated in joint ventures that owned two properties and at such date, our investment in these unconsolidated joint ventures is \$2.1 million. The occupancy rate of our joint venture properties, based on square footage, was 100%, 58.7%, and 59.1% as of December 31, 2023, 2022 and 2021, respectively.

Our principal executive office is located at 60 Cutter Mill Road, Suite 303, Great Neck, New York. We believe that our facilities are satisfactory for our current and projected needs.

Our Properties

The following table details, as of December 31, 2023, certain information about our properties (except as otherwise indicated, each property is tenanted by a single tenant):

Location	Type of Property	Percentage of 2024 Contractual Rental Income	Approximate Square Footage of Building	2024 Contractual Rental Income per Square Foot
Fort Mill, SC	Industrial	4.3	701,595	\$ 4.40
Hauppauge, NY	Industrial	4.1	201,614	14.61
Baltimore, MD	Industrial	3.5	367,000	6.87
Royersford, PA (1)	Retail	3.4	194,600	12.52
El Paso, TX	Industrial	3.3	419,821	5.55
Lebanon, TN	Industrial	3.0	540,200	3.91
Fort Mill, SC	Industrial	2.9	303,188	6.75
Littleton, CO (2)	Retail	2.3	101,618	19.12
Secaucus, NJ	Health & Fitness	2.1	44,863	33.43
Pittston, PA	Industrial	2.0	249,600	5.81
El Paso, TX (3)	Retail	2.0	110,179	13.28
McCalla, AL	Industrial	1.9	294,000	4.71
Brooklyn, NY	Office	1.9	66,000	20.39
Delpport, MO (4)	Industrial	1.8	339,094	3.68
Lowell, AR	Industrial	1.7	248,370	4.95
Moorestown, NJ	Industrial	1.7	219,881	5.57
Ankeny, IA (4)	Industrial	1.7	208,234	5.76
Joppa, MD	Industrial	1.7	258,710	4.60
Englewood, CO	Industrial	1.5	63,882	16.47
Tucker, GA	Health & Fitness	1.4	58,800	17.45
Pennsburg, PA (4)	Industrial	1.4	291,203	3.36
St. Louis Park, MN (4)	Retail	1.3	131,710	7.14
Dalton, GA	Industrial	1.3	212,740	4.33
Indianapolis, IN	Industrial	1.2	125,622	6.92
Greenville, SC (5)	Industrial	1.2	142,200	5.83
Bakersfield, CA	Industrial	1.1	218,116	3.71
Blythewood, SC (4)	Industrial	1.1	177,040	4.55
Ronkonkoma, NY (4)	Industrial	1.0	90,599	8.15
Greenville, SC (5)	Industrial	1.0	128,000	5.70
Green Park, MO	Industrial	1.0	119,680	6.02
Greensboro, NC	Theater	1.0	61,213	11.41
Huntersville, NC	Industrial	1.0	78,319	8.69
Ashland, VA	Industrial	0.9	88,003	7.58
Lake Charles, LA (5)	Retail—Office Supply	0.9	54,229	12.07
New Hope, MN (5)	Industrial	0.9	123,892	5.28
Memphis, TN	Industrial	0.9	224,749	2.88
Lehigh Acres, FL (4)	Industrial	0.9	103,044	6.28
Champaign, IL (4)	Retail	0.9	50,940	25.50
Chandler, AZ	Industrial	0.9	62,121	10.23
Northwood, OH (4)	Industrial	0.9	123,500	5.14
Moorestown, NJ	Industrial	0.9	64,000	9.55
Louisville, KY	Industrial	0.9	125,370	4.87
Chicago, IL	Retail—Office Supply	0.8	23,939	24.37
Melville, NY	Industrial	0.8	51,351	11.33
Omaha, NE	Industrial	0.8	101,584	5.54
Wichita, KS	Retail—Furniture	0.8	88,108	6.35
Northwood, OH (6)	Industrial	0.8	126,990	4.37
Shakopee, MN	Industrial	0.8	114,000	4.86
Monroe, NC	Industrial	0.8	93,170	5.87
Greenville, SC	Industrial	0.8	88,800	6.05
Saco, ME	Industrial	0.7	131,400	3.92
Cedar Park, TX	Retail—Furniture	0.7	50,810	10.00
New Hyde Park, NY	Industrial	0.7	38,000	13.12
Cary, NC	Retail—Office Supply	0.7	33,490	14.62
Tyler, TX	Retail—Furniture	0.7	72,000	6.75
Lexington, KY	Industrial	0.7	74,150	6.46
Indianapolis, IN	Theater	0.7	57,688	8.28

Location	Type of Property	Percentage of 2024 Contractual Rental Income	Approximate Square Footage of Building	2024 Contractual Rental Income per Square Foot
Rincon, GA	Industrial	0.7	95,000	\$ 4.95
Fort Myers, FL	Industrial	0.7	52,710	8.86
Durham, NC	Industrial	0.6	46,181	10.00
Plymouth, MN	Industrial	0.6	82,565	5.47
Highland Ranch, CO (4)	Retail	0.6	42,920	10.39
Deptford, NJ	Retail	0.6	25,358	16.90
Eugene, OR	Retail—Office Supply	0.6	24,978	16.37
Newport, VA	Retail—Furniture	0.6	49,865	8.19
Amarillo, TX	Retail—Furniture	0.6	72,027	5.64
Newark, DE	Other	0.6	23,547	17.00
Hillside, IL (4)	Industrial	0.6	60,832	6.55
Bensalem, PA (5)	Industrial	0.6	85,663	4.61
El Paso, TX	Retail—Office Supply	0.5	25,000	15.20
Lexington, KY	Retail—Furniture	0.5	30,173	12.48
Richmond, VA	Retail—Furniture	0.5	38,788	9.12
Woodbury, MN	Retail	0.5	49,406	7.04
LaGrange, GA	Industrial	0.5	80,000	4.31
Greensboro, NC	Retail	0.4	12,950	24.00
Somerville, MA	Retail	0.4	12,054	25.72
Gurnee, IL	Retail—Furniture	0.4	22,768	13.43
Selden, NY	Retail	0.4	14,555	21.00
Naples, FL	Retail—Furniture	0.4	15,912	19.01
Bluffton, SC	Retail—Furniture	0.4	35,011	7.92
Crystal Lake, IL	Retail	0.4	32,446	8.25
Pinellas Park, FL	Industrial	0.4	53,064	5.03
Hyannis, MA	Retail	0.3	9,750	24.85
Myrtle Beach, SC	Restaurant	0.3	6,734	34.85
Chandler, AZ	Industrial	0.3	25,035	9.30
Kennesaw, GA	Restaurant	0.3	4,051	54.34
Concord, NC	Restaurant	0.3	4,749	46.24
Miamisburg, OH	Industrial	0.3	35,707	6.03
Everett, MA	Retail	0.3	18,572	11.43
Cape Girardeau, MO	Retail	0.3	13,502	14.71
Marston, MA	Retail	0.3	8,775	22.00
West Palm Beach, FL	Industrial	0.2	10,634	14.74
Monroeville, PA	Retail	0.2	6,051	25.74
Batavia, NY	Retail	0.2	23,483	6.05
Nashville, TN (7)	Industrial	0.2	99,500	5.17
Lawrence, KS	Retail	0.2	8,600	14.04
Cuyahoga Falls, OH	Retail	0.2	6,796	17.21
South Euclid, OH	Retail	0.2	11,672	9.94
Hamilton, OH	Health & Fitness	0.2	38,000	3.16
Hilliard, OH	Retail	0.1	6,751	15.55
Port Clinton, OH	Retail	0.1	6,749	15.19
Seattle, WA	Retail	0.1	3,053	27.50
Rosenberg, TX	Retail	0.1	8,000	10.20
Louisville, KY	Industrial	0.1	9,642	6.67
Wauconda, IL (8)	Industrial	—	53,750	0.49
Bolingbrook, IL (8)	Retail	—	33,111	0.51
Kennesaw, GA (9)	Retail	—	32,138	—
Beachwood, OH (10)	Land	—	349,999	—
		100.0	10,851,596	

- (1) This property, a community shopping center, is leased to 12 tenants. Contractual rental income per square foot excludes 1,650 square feet of vacant space.
- (2) This property, a community shopping center, is leased to 20 tenants. Contractual rental income per square foot excludes 14,670 square feet of vacant space.
- (3) This property has four tenants. Contractual rental income per square foot excludes 2,395 square feet of vacant space.
- (4) This property has two tenants.
- (5) This property has three tenants.
- (6) This property has five tenants.
- (7) Contractual rental income per square foot excludes 74,500 square feet of vacant space.
- (8) The tenant's lease expired January 31, 2024 and we are pursuing the re-lease and/or sale of such property.
- (9) This property is vacant and was formerly leased to Bed Bath and Beyond which filed for bankruptcy protection and rejected our lease in April 2023.
- (10) This property is ground leased to a multi-unit apartment complex owner/operator. 2024 contractual rental income excludes \$1.3 million of variable rent as there is uncertainty as to whether and when the tenant will resume paying rent. See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations — Challenges and Uncertainties Facing The Vue – Beachwood, Ohio" and Note 6 of our consolidated financial statements.

Properties Owned by Joint Ventures

As of December 31, 2023, we own a 50% equity interest in two joint ventures that own two properties. At December 31, 2023, our investment in these joint ventures was approximately \$2.1 million and the occupancy rate at these properties, based on square footage, was 100%. Based on the leases in effect at December 31, 2023, we anticipate that our share of the base rent payable in 2024 to our joint ventures is approximately \$235,000. The following table sets forth, as of December 31, 2023, information about the properties owned by these joint ventures:

Location	Type of Property	Percentage of Base Rent Payable in 2024 Contributed by the Applicable Joint Venture (1)	Approximate Square Footage of Building	2024 Base Rent per Square Foot
Savannah, GA	Retail	86.7	46,058	\$ 4.43
Savannah, GA (2)	Restaurant	13.3	—	—
		<u>100.0</u>	<u>46,058</u>	

- (1) Represents our share of the base rent payable in 2024 with respect to such joint venture property, expressed as a percentage of the aggregate base rent payable in 2024 by all of our joint venture properties.
- (2) This property is a parking lot which is ground leased to a restaurant.

Geographic Concentration

As of December 31, 2023, the 108 properties owned by us are located in 31 states. The following table sets forth information, presented by state, related to our properties as of December 31, 2023:

State	Number of Properties	2024 Contractual Rental Income	Percentage of 2024 Contractual Rental Income	Approximate Building Square Feet
South Carolina	8	\$ 8,543,490	12.0	1,582,568
New York	7	6,558,674	9.2	485,602
Texas	7	5,623,532	7.9	757,837
Pennsylvania	5	5,394,302	7.6	827,117
New Jersey	4	3,763,401	5.3	354,102
Maryland	2	3,712,022	5.2	625,710
North Carolina	7	3,408,365	4.8	330,072
Colorado	3	3,160,873	4.4	208,420
Georgia	6	2,981,085	4.2	482,729
Minnesota	5	2,947,312	4.1	501,573
Tennessee	3	2,886,172	4.1	864,449
Illinois	7	2,242,092	3.1	277,786
Missouri	3	2,166,440	3.0	472,276
Ohio	9	1,965,547	2.8	706,164
Florida	5	1,840,120	2.6	235,364
Kentucky	4	1,530,082	2.1	239,335
Virginia	3	1,429,279	2.0	176,656
Alabama	1	1,383,326	1.9	294,000
Indiana	2	1,347,066	1.9	183,310
Arkansas	1	1,230,498	1.7	248,370
Iowa	1	1,200,437	1.7	208,234
Massachusetts	4	957,624	1.3	49,151
Arizona	2	868,490	1.2	87,156
California	1	809,642	1.1	218,116
Kansas	2	680,367	1.0	96,708
Louisiana	1	654,718	0.9	54,229
Nebraska	1	562,293	0.8	101,584
Other (1)	4	1,408,357	2.1	182,978
	<u>108</u>	<u>\$ 71,255,606</u>	<u>100.0</u>	<u>10,851,596</u>

(1) These properties are located in four states.

The following table sets forth information, presented by state, related to the properties owned by our joint ventures as of December 31, 2023:

State	Number of Properties	Our Share of the Base Rent Payable in 2024 to these Joint Ventures	Approximate Building Square Feet
Georgia	2	\$ 235,140	46,058

Mortgage Debt

At December 31, 2023, we had:

- 68 first mortgages secured by 69 of our 108 properties; and
- \$422.6 million of mortgage debt outstanding with a weighted average interest rate of 4.31% and a weighted average remaining term to maturity of approximately 5.9 years. Substantially all of such mortgage debt bears fixed interest at rates ranging from 3.05% to 8.40% and contains prepayment penalties.

The following table sets forth scheduled principal mortgage payments due on our properties as of December 31, 2023 (dollars in thousands):

YEAR	PRINCIPAL PAYMENTS DUE
2024	\$ 61,779
2025	41,477
2026	29,670
2027	47,923
2028	38,873
Thereafter	202,843
Total	<u>\$ 422,565</u>

The mortgages on our properties are generally non-recourse, subject to standard carve-outs.

Item 3. Legal Proceedings.

Not applicable.

Item 4. Mine Safety Disclosures.

Not applicable.

Part II

Item 5. Market for the Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Our common stock is listed on the New York Stock Exchange under the symbol “OLP.” As of March 1, 2024, there were approximately 241 holders of record of our common stock.

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

Issuer Purchases of Equity Securities

As of March 1, 2024, we are authorized to repurchase up to \$8.1 million of shares our common stock through, among other things, open market or privately negotiated transactions. There is no stated expiration date for our stock repurchase program. Set forth below is a table describing the purchases we made in the quarter ended December 31, 2023:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Programs
October 1, 2023 - October 31, 2023	133,667	\$ 18.40	133,667	\$ 8,655,224
November 1, 2023 - November 30, 2023	30,400	18.80	30,400	8,081,814
December 1, 2023 - December 31, 2023	—	—	—	8,081,814
Total	<u>164,067</u>	\$ 18.47	<u>164,067</u>	

Item 6. [Reserved.]

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

Overview

We are a self-administered and self-managed REIT focused on acquiring, owning and managing a geographically diversified portfolio consisting of industrial and, to a lesser extent, retail properties, many of which are subject to long-term leases. Most of our leases are “net leases” under which the tenant, directly or indirectly, is responsible for paying the real estate taxes, insurance and ordinary maintenance and repairs of the property. As of December 31, 2023, we own, in 31 states, 110 properties, including three properties owned by consolidated joint ventures and two properties owned through unconsolidated joint ventures.

Challenges and Uncertainties as a Result of the Volatile Economic Environment

During the past two years, there has been a significant economic uncertainty due, among other things, to volatile interest rates and the challenges presented by an inflationary/potential recessionary environment. This uncertainty, volatility and the related causes may adversely impact us in the future. Due to this uncertainty, we were especially cautious in pursuing acquisition opportunities in 2023 and may continue to be cautious in pursuing such opportunities in the near future. As a result, our ability, in the near term, to grow revenue and net income through acquisitions may be adversely affected.

General Challenges and Uncertainties

In addition to the challenges and uncertainties as also described under “*Cautionary Note Regarding Forward-Looking Statements*”, “*Item 1A. Risk Factors*”, and “— *Challenges and Uncertainties as a Result of the Volatile Economic Environment*”, we, among other things, face additional challenges and uncertainties, including the possibility we will not be able to: lease our properties on terms favorable to us or at all; collect amounts owed to us by our tenants; renew or re-let, on acceptable terms, leases that are expiring or otherwise terminating; acquire or dispose of properties on acceptable terms; or grow, through acquisitions or otherwise, our property portfolio so as to generate additional rental and net income. If we are unable to address these challenges successfully, we may be unable to sustain our current level of dividend payments.

Other than with respect to our continuing focus on acquiring industrial properties, we generally seek to manage the risk of our real property portfolio and the related financing arrangements by (i) diversifying among locations, tenants, scheduled lease expirations, mortgage maturities and lenders, and (ii) minimizing our exposure to interest rate fluctuations. As a result, as of December 31, 2023:

- our 2024 contractual rental income is derived from the following property types: 66.1% from industrial, 24.2% from retail, 3.7% from health and fitness, 1.7% from restaurant, 1.6% from theaters, and 2.7% from other properties,
- there are six states with properties that account for 5% or more of 2024 contractual rental income, and one state that accounts for more than 10.0% of 2024 contractual rental income (*i.e.*, South Carolina at 12.0%),
- there is one tenant that accounts for more than 5% of 2024 contractual rental income (*i.e.*, FedEx at 5.5%),
- through 2033, there are four years in which the percentage of our 2024 contractual rental income represented by expiring leases equals or exceeds 10% (*i.e.*, 20.4% in 2027, 13.8% in 2028, 10.1% in 2029 and 10.5% in 2033) — approximately 5.1 % of our 2024 contractual rental income is represented by leases expiring in 2034 and thereafter,
- after giving effect to interest rate swap agreements, substantially all of our mortgage debt bears interest at fixed rates,
- in 2024, 2025 and 2026, 14.6%, 9.8% and 7.0%, respectively, of our total scheduled principal mortgage payments (*i.e.*, amortization and balances due at maturity) is due, and

- there are three different counterparties to our portfolio of interest rate swaps: two counterparties, rated A3 or better by a national rating agency (*i.e.*, Moody's Long-Term Debt Ratings), account for 88.6%, or \$26.3 million, of the notional value of our swaps; and one counterparty, rated A– by another rating provider (*i.e.*, Kroll), accounts for 11.4%, or \$3.3 million, of the notional value of such swaps.

We monitor the risk of tenant non-payments through a variety of approaches tailored to the applicable situation. Generally, based on our assessment of the credit risk posed by our tenants, we monitor a tenant's financial condition through one or more of the following actions: reviewing tenant financial statements or other financial information, obtaining other tenant related information, changes in tenant payment patterns, regular contact with tenant's representatives, tenant credit checks and regular management reviews of our tenants. We may sell a property if the tenant's financial condition is unsatisfactory.

We monitor, on an ongoing basis, our expiring leases and generally approach tenants with expiring leases (including those subject to renewal options) at least a year prior to lease expiration to determine their interest in renewing their leases. During the three years ending December 31, 2026, 49 leases for 42 tenants at 35 properties representing \$14.3 million, or 20.0%, of 2024 contractual rental income expire.

In acquiring properties, we balance an evaluation of the terms of the leases and the credit of the existing tenants with a fundamental analysis of the real estate to be acquired, which analysis takes into account, among other things, the estimated value of the property, local demographics and the ability to re-rent or dispose of the property on favorable terms upon lease expiration or early termination.

At December 31, 2023, we have unhedged variable rate mortgage debt in the principal amount of \$16.0 million of which bears a weighted average interest rate of 5.73%. The table below provides information about such debt as of December 31, 2023.

Property	Principal Amount	Maturity Date	Current Interest Rate	Interest Rate Reset Date
Lexington, Kentucky	\$ 5,279,000	June 2047	3.85 %	June 2029
Kennesaw, Georgia	4,467,000	December 2041	6.50	December 2030
Hamilton, Ohio	3,969,000	September 2024	8.40	n/a
Deptford, NJ	2,277,000	February 2041	3.95	February 2026
	\$ 15,992,000			

Challenges and Uncertainties Facing Certain Properties and Tenants

Set forth below is a description of the challenges and uncertainties facing certain tenants or properties. If these challenges, and in particular, the challenges faced by Regal Cinemas, The Vue and LA Fitness, are not resolved in a satisfactory manner, we will be adversely affected.

Regal Cinemas

Regal Cinemas, or Regal, is a tenant at two properties. Regal's parent, Cineworld Group plc, filed for Chapter 11 bankruptcy protection in September 2022 and as a result, we and Regal amended the leases at these properties to, among other things, shorten the lease terms and reduce the rent payable. Specifically, prior to the amendments, the leases were scheduled to expire in 2032 and 2035 and as of January 1, 2024, without giving effect to such amendments, would have provided for an aggregate base rent of \$21.0 million through the remaining lease term. After giving effect to the amendments, the leases expire in 2030 and as of January 1, 2024 provide for an aggregate base rent of \$7.7 million payable over the remaining lease term.

At December 31, 2023, our Indianapolis, Indiana property had mortgage debt, intangible lease liabilities and intangible lease assets of approximately \$3.6 million, \$527,000 and \$476,000, respectively. There is no mortgage debt, intangible lease liabilities or intangible lease assets at the Greensboro, North Carolina property at which we lease the underlying fee and in turn lease the property to Regal. We estimate that the carrying costs for these two properties for the twelve months ending December 31, 2024, are approximately \$1.3 million, including ground lease rent of \$512,000 (which sum has historically been paid directly by Regal to the owner of the Greensboro property), real estate taxes of approximately \$356,000, and debt service of \$290,000. Regal is the primary obligor with respect to \$460,000 of these carrying costs and we are responsible with respect to such amount if it is not paid by Regal.

Because the collection of amounts owed by Regal is deemed to be less than probable, we have not accrued Regal's base rent (but have collected all base rent payable pursuant to the amended leases) and since October 2020, have been reporting same on a cash basis. If Regal continues to face financial challenges, it will be difficult and costly (due, among other things, to the limited number of exhibitors and the unique configuration of theater properties) to find a replacement tenant.

The Vue – Beachwood, Ohio

A multi-family complex, which we refer to as The Vue, ground leases from us the underlying land located in Beachwood, Ohio. Since 2018, the property has faced, and we anticipate that the property will continue to face, occupancy and financial challenges, and our tenant has not paid rent since October 2020 (*i.e.*, an aggregate of \$3.9 million that would have been due had it generated specified levels of positive operating cash flow), and we anticipate that it will not pay rent for an extended period. After giving effect to debt service, the property is operating on a negative cash flow basis, and we anticipate that such trend will continue for an extended period. Since 2021 (through March 1, 2024), we provided The Vue with an aggregate of \$3.4 million to cover, among other things, operating cash flow shortfalls and capital expenditures, and the amount to be funded in 2024, if any, has not been definitively determined. At December 31, 2023, (i) there are no unbilled rent receivables, intangibles or tenant origination costs associated with this property and (ii) the net book value of our land subject to this ground lease is \$17.3 million and is subordinate to \$63.6 million of mortgage debt incurred by the owner/operator. Our cash flow will be adversely impacted by our funding of additional capital expenditures and operating expense shortfalls at the property (including our payment of the tenant's debt service obligations) and the tenant's continuing non-payment of rent. If we determine that under GAAP the property has been impaired, we may incur a substantial impairment charge and if we sell the property, we may recognize a substantial loss. See Note 6 to our consolidated financial statements.

LA Fitness

LA Fitness leases from us three properties pursuant to three separate leases, including a 38,000 square foot health and fitness facility in Hamilton, Ohio. LA Fitness terminated the lease at the Hamilton, Ohio property effective as of May 1, 2024. As a result, we estimate that (i) from January 1, 2024 through the remaining lease term, we will generate \$120,000 of rental income and (ii) that through 2024, we will incur approximately \$230,000, \$180,000 and \$170,000 of interest expense, real estate operating expense and depreciation and amortization expense, respectively.

During 2023, this property accounted for (i) \$893,000 of rental income and (ii) \$198,000, \$188,000 and \$206,000 of interest expense, real estate operating expense and depreciation and amortization expense, respectively, and during 2022, this property accounted for (iii) \$915,000 of rental income and (iv) \$197,000, \$170,000 and \$210,000 of interest expense, real estate operating expense and depreciation and amortization expense, respectively. At December 31, 2023, the variable rate mortgage debt (bearing an interest rate of daily SOFR plus 300 basis points) on this property is \$4.0 million and is scheduled to mature in September 2024.

It will be difficult, due to the presence of another health and fitness facility located nearby, to re-lease this property to another health and fitness operator, and if we are unable to re-lease this property to such an operator, it will be costly to reconfigure the space for use other than as a fitness facility. We will be adversely effected if we surrender this property to the lender or if we pay off the mortgage debt without obtaining a suitable replacement tenant at this property.

2023 and Recent Developments

In 2023, we:

- sold 10 properties (*i.e.*, seven restaurants and three retail properties) and an out-parcel at a multi-tenant retail property, for an aggregate net gain on sale of real estate of \$17.0 million. The properties sold accounted for \$2.5 million, or 2.7%, and \$3.0 million, or 3.3 %, of 2023 and 2022 rental income, net, respectively. We estimate that, excluding any acquisitions, dispositions or lease amendments in 2024, rental income in 2024 will decrease by approximately \$2.5 million from 2023 due to these sales.
- paid down our credit facility by approximately \$21.8 million primarily through the use of net proceeds from property sales – as of December 31, 2023 and March 1, 2024, no amounts were outstanding on the facility.
- acquired a multi-tenant industrial property for an aggregate purchase price of \$13.4 million. This property accounts for \$806,000, or 1.1%, of our 2024 contractual rental income.
- through an unconsolidated joint venture in which we had a 50% equity interest, sold a multi-tenant shopping center located in Manahawkin, NJ for \$36.5 million, of which our share was \$18.3 million. In 2023, we recognized a \$108,000 loss from the sale of this property. Our share of the net proceeds from this sale was \$7.1 million. We generated, in 2023, \$1.1 million (including our \$850,000 share of an impairment charge) of equity in loss and in 2022 and 2021, \$210,000 and \$11,000, respectively, of equity in earnings from this unconsolidated joint venture.
- entered into, amended or extended 28 leases with respect to approximately 988,000 square feet.
- repurchased approximately 499,000 shares of our common stock for an aggregate purchase price of approximately \$9.6 million (*i.e.*, an average price of \$19.24 per share). We anticipate that we will continue to repurchase our stock subject to, among other things, the availability of funds and attractiveness of alternative investments.

Subsequent to December 31, 2023, we:

- entered into a contract to sell a pad site at a multi-tenant retail shopping center in Lakewood, Colorado, which we own through a consolidated joint venture in which we hold a 90% interest, for \$2.9 million. The buyer's right to terminate the contract expired in February 2024 and the sale is anticipated to close during the quarter ending March 31, 2024. We anticipate recognizing a gain of approximately \$1.8 million on this sale during the three months ending March 31, 2024, of which the non-controlling interest's share will be approximately \$180,000.

Our Business Objective

Our business objective is to increase stockholder value by:

- identifying opportunistic and strategic property acquisitions consistent with our portfolio and our acquisition strategies;
- monitoring and maintaining our portfolio, and as appropriate, working with tenants to facilitate the continuation or expansion of their tenancies;
- managing our portfolio effectively, including opportunistic and strategic property sales;
- obtaining mortgage indebtedness (including refinancings) on favorable terms, ensuring that the cash flow generated by a property exceeds the debt service thereon and maintaining access to capital to finance property acquisitions; and
- maintaining and, over time, increasing our dividend.

Comparison of Years Ended December 31, 2023 and 2022

Results of Operations -

Revenues

The following table compares total revenues for the periods indicated:

(Dollars in thousands)	Year Ended December 31,		Increase (Decrease)	% Change
	2023	2022		
Rental income, net	\$ 90,646	\$ 92,191	\$ (1,545)	(1.7)
Lease termination fees	—	25	(25)	(100.0)
Total revenues	<u>\$ 90,646</u>	<u>\$ 92,216</u>	<u>\$ (1,570)</u>	(1.7)

Rental income, net.

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

(Dollars in thousands)	Year Ended December 31,		Increase (Decrease)	% Change
	2023	2022		
Acquisitions (1)	\$ 5,413	\$ 2,472	\$ 2,941	119.0
Dispositions (2)	2,470	3,641	(1,171)	(32.2)
Same store (3)	82,763	86,078	(3,315)	(3.9)
Rental income, net	<u>\$ 90,646</u>	<u>\$ 92,191</u>	<u>\$ (1,545)</u>	(1.7)

- (1) The 2023 column represents rental income from properties acquired since January 1, 2022; the 2022 column represents rental income from properties acquired during the year ended December 31, 2022.
- (2) The 2023 column represents rental income from properties sold during the year ended December 31, 2023; the 2022 column represents rental income from properties sold since January 1, 2022.
- (3) Represents rental income from 101 properties that were owned for the entirety of the periods presented.

Changes at same store properties

The decrease in same store rental income is due to the inclusion in 2022, of \$4.6 million from the litigation settlement proceeds from The Vue, and decreases of:

- \$689,000 of rental income from our wholly-owned Regal Cinemas properties due to lease amendments effectuated in connection with its bankruptcy reorganization (see “—Challenges and Uncertainties Facing Certain Tenants and Properties” for further information regarding Regal Cinemas),
- \$654,000 of rental income from leases that expired in 2022 and 2023 at several properties,
- \$461,000 from Bed Bath & Beyond - Kennesaw, Georgia which filed for bankruptcy protection (including the write-off, during 2023, of its \$133,000 unbilled rent receivable balance),

The decrease was offset by increases of:

- \$1.7 million of rental income from various lease amendments and extensions,
- \$892,000 of rental income due to new tenants at various properties, and
- \$497,000 in tenant reimbursements, of which \$443,000 relates to operating expenses generally incurred in the same year.

Operating Expenses

The following table compares operating expenses for the periods indicated:

(Dollars in thousands)	Year Ended December 31,		Increase (Decrease)	% Change
	2023	2022		
Operating expenses:				
Depreciation and amortization	\$ 24,789	\$ 23,781	\$ 1,008	4.2
General and administrative	15,822	15,258	564	3.7
Real estate expenses	16,444	15,508	936	6.0
State taxes	284	285	(1)	(0.4)
Total operating expenses	<u>\$ 57,339</u>	<u>\$ 54,832</u>	<u>\$ 2,507</u>	4.6

Depreciation and amortization. The increase is due primarily to:

- \$1.5 million of such expense from properties acquired in 2023 and 2022 (including \$1.1 million from properties acquired in 2022),
- \$434,000 of depreciation from improvements at several same store properties, and
- \$186,000 of leasing commissions at several same store properties.

The increase was offset by:

- a decrease, in 2023, of \$854,000 related to improvements and tenant origination costs at several properties that prior to December 31, 2023 were fully amortized, and
- the inclusion, in 2022, of \$332,000 of such expense from the properties sold since January 1, 2022.

General and administrative. The increase in 2023 is due primarily to increases of (i) \$441,000 of compensation expense primarily due to additional employees and higher levels of compensation, and (ii) \$150,000 in professional fees related to various matters.

Real estate expenses.

The increase is primarily due to:

- \$574,000 from properties acquired in 2023 and 2022 (including \$407,000 from properties acquired in 2022),
- an aggregate increase of \$224,000 relating to real estate tax expense for several properties, none of which were individually significant, and
- aggregate increases of \$368,000 of other real estate expenses for several properties (primarily related to our Brooklyn, New York property).

The increase was offset primarily by a \$237,000 decrease related to properties sold in 2022 and 2023.

A substantial portion of real estate expenses are rebilled to tenants and are included in Rental income, net, on the consolidated statements of income.

Gain on sale of real estate, net

The following table lists the sold properties and related gains, net, for the periods indicated:

(Dollars in thousands)	Year Ended		Increase	%
	December 31,			
	2023	2022	(Decrease)	Change
TGI Fridays restaurant property - Hauppauge, New York	\$ 1,534	\$ —		
Havertys retail property - Duluth, Georgia	3,180	—		
TGI Fridays restaurant property - Greensboro, North Carolina	332	—		
Land - Lakewood, Colorado (1)	2,177	—		
Chuck E Cheese restaurant property - Indianapolis, Indiana	226	—		
TGI Fridays restaurant property - Richmond, Virginia	265	—		
Applebee's restaurants (2 properties) - Cartersville & Carrollton, Georgia	2,581	—		
Applebee's restaurant property - Lawrenceville, Georgia	989	—		
Havertys retail property - Virginia Beach, Virginia	1,727	—		
Barnes & Noble retail property - Fort Myers, Florida	3,997	—		
Wendy's restaurants (4 properties) - Various cities, Pennsylvania	—	4,649		
Orlando Baking industrial property - Columbus, Ohio	—	6,925		
Havertys retail property - Fayetteville, Georgia	—	1,125		
Vacant retail property - Columbus, Ohio	—	4,063		
Total gain on sale of real estate, net	<u>\$ 17,008</u>	<u>\$ 16,762</u>	\$ 246	1.5

(1) The non-controlling interest's share of the gain is \$218.

Other Income and Expenses

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

(Dollars in thousands)	Year Ended December 31,		Increase	% Change
	2023	2022		
Other income and expenses:				
Equity in (loss) earnings of unconsolidated joint ventures	\$ (904)	\$ 400	\$ (1,304)	(326.0)
Equity in loss from sale of unconsolidated joint venture property	(108)	—	(108)	n/a
Income on settlement of litigation	—	5,388	(5,388)	(100.0)
Other income	234	1,003	(769)	(76.7)
Interest:				
Expense	(18,780)	(17,569)	1,211	6.9
Amortization and write-off of deferred financing costs	(839)	(1,115)	(276)	(24.8)

Equity in (loss) earnings of unconsolidated joint ventures. The decrease in 2023 relates to the multi-tenant shopping center in Manahawkin, New Jersey which we sold in December 2023 and reflects (i) our 50% share, or \$850,000, of a \$1.7 million impairment charge our joint venture recorded, (ii) a \$256,000 decrease in base rent collected primarily from Regal Cinemas, a tenant at this property, due to a lease amendment effectuated in connection with its bankruptcy reorganization, and (iii) a \$103,000 debt prepayment charge due to the early payoff of the mortgage on this property in connection with its sale. See Note 7 to our consolidated financial statements.

Equity in loss from sale of unconsolidated joint venture property. The 2023 results represent a loss of \$108,000 from the sale of our joint venture property in Manahawkin, New Jersey on December 15, 2023.

Income on settlement of litigation. In April 2022, we received \$5.4 million in connection with the settlement of a lawsuit at our former Round Rock, Texas property (the “Round Rock Settlement”). (See Note 13 to our consolidated financial statements.)

Other income. Included in 2022 is \$918,000 representing the final property insurance recovery related to our Lake Charles, Louisiana property damaged in a 2020 hurricane. (See Note 13 to our consolidated financial statements.)

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

(Dollars in thousands)	Year Ended December 31,		Increase (Decrease)	% Change
	2023	2022		
Interest expense:				
Mortgage interest	\$ 17,514	\$ 16,762	\$ 752	4.5
Credit line interest	1,266	807	459	56.9
Total	\$ 18,780	\$ 17,569	\$ 1,211	6.9

Mortgage interest

The following table reflects the average interest rate on the weighted average principal amount of outstanding mortgage debt during the applicable year:

(Dollars in thousands)	Year Ended December 31,		Increase (Decrease)	% Change
	2023	2022		
Weighted average interest rate	4.18 %	4.14 %	0.04 %	1.0
Weighted average principal amount	\$ 416,517	\$ 404,263	\$ 12,254	3.0

The increase in 2023 is due primarily to the increase in the average principal amount of mortgage debt outstanding which resulted from financings effectuated in connection with refinancings and acquisitions.

Credit facility interest

The following table reflects the average interest rate on the average principal amount of outstanding credit line debt during the applicable year:

(Dollars in thousands)	Year Ended December 31,		Increase (Decrease)	% Change
	2023	2022		
Weighted average interest rate	6.69 %	3.42 %	3.27 %	95.6
Weighted average principal amount	\$ 15,676	\$ 16,222	\$ (546)	(3.4)

The increase in 2023 is due to the increase on the weighted average interest rate.

Amortization and write-off of deferred financing costs. The decrease in 2023 is primarily due to the \$221,000 write-off of deferred costs related to the mortgages on the eleven Havertys properties that were paid off in June 2022.

Funds from Operations and Adjusted Funds from Operations

We compute funds from operations, or FFO, in accordance with the “White Paper on Funds From Operations” issued by the National Association of Real Estate Investment Trusts (“NAREIT”) and NAREIT’s related guidance. FFO is defined in the White Paper as net income (calculated in accordance with GAAP), excluding depreciation and amortization related to real estate, gains and losses from the sale of certain real estate assets, gains and losses from change in control, impairment write-downs of certain real estate assets and investments in entities where the impairment is directly attributable to decreases in the value of depreciable real estate held by the entity. Adjustments for unconsolidated partnerships and joint ventures are calculated to reflect FFO on the same basis. In computing FFO, we do not add back to net income the amortization of costs in connection with our financing activities or depreciation of non-real estate assets.

We compute adjusted funds from operations, or AFFO, by adjusting from FFO for straight-line rent accruals and amortization of lease intangibles, deducting from income, additional rent from ground lease tenant, income on settlement of litigation, income on insurance recoveries from casualties, lease termination and assignment fees, and adding back amortization of restricted stock and restricted stock unit compensation expense, amortization of costs in connection with its financing activities (including its share of its unconsolidated joint ventures), debt prepayment costs and amortization of lease incentives and mortgage intangible assets. Since the NAREIT White Paper does not provide guidelines for computing AFFO, the computation of AFFO varies from one REIT to another.

We believe that FFO and AFFO are useful and standard supplemental measures of the operating performance for equity REITs and are used frequently by securities analysts, investors and other interested parties in evaluating equity REITs, many of which present FFO and AFFO when reporting their operating results. FFO and AFFO are intended to exclude GAAP historical cost depreciation and amortization of real estate assets, which assumes that the value of real estate assets diminish predictably over time. In fact, real estate values have historically risen and fallen with market conditions. As a result, we believe that FFO and AFFO provide a performance measure that when compared year over year, should reflect the impact to operations from trends in occupancy rates, rental rates, operating costs, interest costs and other matters without the inclusion of depreciation and amortization, providing a perspective that may not be necessarily apparent from net income. We also consider FFO and AFFO to be useful in evaluating potential property acquisitions.

FFO and AFFO do not represent net income or cash flows from operating, investing or financing activities as defined by GAAP. FFO and AFFO should not be considered to be an alternative to net income as a reliable measure of our operating performance; nor an alternative to cash flows from operating, investing or financing activities (as defined by GAAP) as measures of liquidity. FFO and AFFO do not measure whether cash flow is sufficient to fund all of our cash needs, including principal amortization, capital improvements and distributions to stockholders.

Management recognizes that there are limitations in the use of FFO and AFFO. In evaluating our performance, management is careful to examine GAAP measures such as net income and cash flows from operating, investing and financing activities.

The following tables provide a reconciliation of net income and net income per common share (on a diluted basis) in accordance with GAAP to FFO and AFFO for the years indicated (dollars in thousands, except per share amounts):

	Year Ended	
	December 31,	
	2023	2022
GAAP net income attributable to One Liberty Properties, Inc.	\$ 29,614	\$ 42,177
Add: depreciation and amortization of properties	24,063	23,193
Add: our share of depreciation and amortization of unconsolidated joint ventures	477	519
Add: amortization of deferred leasing costs	726	588
Add: our share of amortization of deferred leasing costs of unconsolidated joint ventures	18	21
Add: our share of impairment loss of unconsolidated joint venture property	850	—
Add: equity in loss from sale of unconsolidated joint venture property	108	—
Deduct: gain on sale of real estate, net	(17,008)	(16,762)
Adjustments for non-controlling interests	148	(67)
NAREIT funds from operations applicable to common stock	38,996	49,669
Deduct: straight-line rent accruals and amortization of lease intangibles	(2,717)	(3,240)
Deduct: our share of straight-line rent accruals and amortization of lease intangibles of unconsolidated joint ventures	(19)	(27)
Deduct: other income and income on settlement of litigation	(112)	(5,388)
Deduct: additional rent from ground lease tenant	(16)	(4,626)
Deduct: income on insurance recovery from casualty loss	—	(918)
Deduct: lease termination fee income	—	(25)
Deduct: our share of unconsolidated joint venture lease termination fee income	(21)	(25)
Add: amortization of restricted stock and RSU compensation	5,367	5,507
Add: amortization and write-off of deferred financing costs	839	1,115
Add: amortization of lease incentives	121	44
Add: amortization of mortgage intangible assets	114	12
Add: our share of amortization of deferred financing costs of unconsolidated joint venture	42	17
Adjustments for non-controlling interests	1	14
Adjusted funds from operations applicable to common stock	<u>\$ 42,595</u>	<u>\$ 42,129</u>

	Year Ended	
	December 31,	
	2023	2022
GAAP net income attributable to One Liberty Properties, Inc.	\$ 1.38	\$ 1.99
Add: depreciation and amortization of properties	1.13	1.09
Add: our share of depreciation and amortization of unconsolidated joint ventures	.02	.02
Add: amortization of deferred leasing costs	.03	.03
Add: our share of amortization of deferred leasing costs of unconsolidated joint ventures	—	—
Add: our share of impairment loss of unconsolidated joint venture property	.04	—
Add: equity in loss from sale of unconsolidated joint venture property	.01	—
Deduct: gain on sale of real estate, net	(.80)	(.79)
Adjustments for non-controlling interests	.01	—
NAREIT funds from operations per share of common stock (a)	1.82	2.34
Deduct: straight-line rent accruals and amortization of lease intangibles	(.13)	(.16)
Deduct: our share of straight-line rent accruals and amortization of lease intangibles of unconsolidated joint ventures	—	—
Deduct: other income and income on settlement of litigation	(.01)	(.25)
Deduct: additional rent from ground lease tenant	—	(.22)
Deduct: income on insurance recovery from casualty loss	—	(.04)
Deduct: lease termination fee income	—	—
Deduct: our share of unconsolidated joint venture lease termination fee income	—	—
Add: amortization of restricted stock and RSU compensation	.25	.26
Add: amortization and write-off of deferred financing costs	.04	.05
Add: amortization of lease incentives	.01	—
Add: amortization of mortgage intangible assets	.01	—
Add: our share of amortization of deferred financing costs of unconsolidated joint venture	—	—
Adjustments for non-controlling interests	—	—
Adjusted funds from operations per share of common stock (a)	<u>\$ 1.99</u>	<u>\$ 1.98</u>

(a) The weighted average number of diluted common shares used to compute FFO and AFFO applicable to common stock includes unvested restricted shares that are excluded from the computation of diluted EPS.

The \$10.7 million, or 21.5%, decrease in FFO is due primarily to:

- the inclusion, in the corresponding 2022 period, of (i) \$5.4 million from the Round Rock Settlement, (ii) \$4.6 million from the litigation settlement proceeds from The Vue (included in rental income), and (iii) \$918,000 of income on insurance recovery from casualty loss,
- a \$1.2 million increase in interest expense,
- a \$936,000 increase in real estate operating expenses, and
- a \$564,000 increase in general and administrative expense.

Offsetting the decrease is a \$3.1 million net increase in rental income.

See “—*Comparison of Years Ended December 31, 2023 and 2022*” for further information regarding these changes.

The \$466,000, or 1.1%, increase in AFFO is due to the factors impacting FFO as described immediately above, excluding the (i) \$5.4 million from the Round Rock Settlement, (ii) \$4.6 million from the litigation settlement proceeds from The Vue (included in rental income), and (iii) \$918,000 of income on insurance recovery from casualty loss.

See “—*Comparison of Years Ended December 31, 2023 and 2022*” for further information regarding these changes.

Diluted per share FFO and AFFO were impacted negatively in the year ended December 31, 2023 by an average increase from December 31, 2022 of approximately 114,000 in the weighted average number of shares of common stock outstanding as a result of stock issuances pursuant to the equity incentive and dividend reinvestment, offset by the Company’s repurchase of shares during 2023.

Comparison of Years Ended December 31, 2022 and 2021

As we qualify as a smaller reporting company, this comparison is omitted in accordance with Instruction 1 to Item 303(a) of Regulation S-K.

Liquidity and Capital Resources

Our sources of liquidity and capital include cash flow from operations, cash and cash equivalents, borrowings under our credit facility, refinancing existing mortgage loans, obtaining mortgage loans secured by our unencumbered properties, issuance of our equity securities and property sales. In 2023, we obtained approximately (i) \$46.6 million of net proceeds from property sales (after giving effect to our share of \$11.3 million of mortgage debt repayments and \$1.8 million of seller-financing), (ii) \$22.6 million of proceeds from mortgage financings (after giving effect to \$13.8 million of refinanced amounts) and (iii) \$4.6 million from the litigation settlement proceeds from The Vue. Our available liquidity at March 1, 2024 was approximately \$123.9 million, including approximately \$23.9 million of cash and cash equivalents (including the credit facility's required \$3.0 million average deposit maintenance balance) and, subject to borrowing base requirements, up to \$100.0 million available under our credit facility.

Liquidity and Financing

We expect to meet our short term (*i.e.*, one year or less) and long term (i) operating cash requirements (including debt service and anticipated dividend payments) principally from cash flow from operations, our available cash and cash equivalents, proceeds from and, to the extent permitted and needed, our credit facility and (ii) investing and financing cash requirements (including an estimated aggregate of \$2.7 million of capital expenditures) from the foregoing, as well as property financings, property sales and sales of our common stock.

The following table sets forth, as of December 31, 2023, information with respect to our mortgage debt that is payable from January 2024 through December 31, 2026:

(Dollars in thousands)	2024	2025	2026	Total
Amortization payments	\$ 11,873	\$ 10,627	\$ 10,491	\$ 32,991
Principal due at maturity	49,906	30,850	19,179	99,935
Total	<u>\$ 61,779</u>	<u>\$ 41,477</u>	<u>\$ 29,670</u>	<u>\$ 132,926</u>

We intend to make debt amortization payments from operating cash flow and, though no assurance can be given that we will be successful in this regard, generally intend to refinance, extend or payoff the mortgage loans which mature in 2024 through 2026. We intend to repay the amounts not refinanced or extended from our existing funds and sources of funds, including our available cash, proceeds from the sale of our common stock and our credit facility (to the extent available).

We continually seek to refinance existing mortgage loans on terms we deem acceptable to generate additional liquidity. Additionally, in the normal course of our business, we sell properties when we determine that it is in our best interests, which also generates additional liquidity. Further, although we have done so infrequently and primarily in the context of a tenant default at a property for which we have not found a replacement tenant, if we believe we have negative equity in a property subject to a non-recourse mortgage loan, we may convey such property to the mortgagee to terminate our mortgage obligations, including payment of interest, principal and real estate taxes, with respect to such property.

Typically, we utilize funds from our credit facility to acquire a property and, thereafter secure long-term, fixed rate mortgage debt on such property. We apply the proceeds from the mortgage loan to repay borrowings under the credit facility, thus providing us with the ability to re-borrow under the credit facility for the acquisition of additional properties.

Material Contractual Obligations

The following sets forth our material contractual obligations as of December 31, 2023:

(Dollars in thousands)	Payment due by period				Total
	Less than 1 Year	1 - 3 Years	4 - 5 Years	More than 5 Years	
Mortgages payable—interest and amortization	\$ 28,774	\$ 48,305	\$ 39,267	\$ 64,299	\$ 180,645
Mortgages payable—balances due at maturity	49,906	50,029	68,679	168,560	337,174
Credit facility (1)	—	—	—	—	—
Purchase obligations (2)	4,172	7,425	7,329	161	19,087
Total	\$ 82,852	\$ 105,759	\$ 115,275	\$ 233,020	\$ 536,906

- (1) At December 31, 2023 there was no balance outstanding on the credit facility. We may borrow up to \$100.0 million pursuant to such facility, subject to compliance with borrowing base requirements. At December 31, 2023, after giving effect to such borrowing base requirements, \$100.0 million was available to be borrowed. The facility expires December 31, 2026. See “—*Credit Facility*”.
- (2) Assumes that \$3.6 million will be payable annually during the next five years pursuant to the compensation and services agreement. Excludes (i) approximately \$2.7 million of capital expenditures to be incurred in the ordinary course of business in connection with tenant improvements (including \$1.2 million in connection with the Havertys Furniture lease extensions), (ii) amounts required to acquire properties, and (iii) the potential funding in 2024 for capital expenditures and operating cash flow shortfalls at The Vue, which amount, if any, has not been definitively determined. See “—*General Challenges and Uncertainties*,” and “—*Challenges and Uncertainties Facing Certain Properties and Tenants—The Vue*”.

As of December 31, 2023, we had \$422.6 million of mortgage debt outstanding, all of which is non-recourse (subject to standard carve-outs). We expect that mortgage interest and amortization payments (excluding repayments of principal at maturity) of approximately \$77.1 million due through 2026 will be paid primarily from cash generated from our operations. We anticipate that principal balances due at maturity through 2026 of \$99.9 million will be paid primarily from cash and cash equivalents and mortgage financings and refinancings. If we are unsuccessful in refinancing our existing indebtedness or financing our unencumbered properties, our cash flow, funds available under our credit facility and available cash, if any, may not be sufficient to repay all debt obligations when payments become due, and we may need to issue additional equity, obtain long or short-term debt, or dispose of properties on unfavorable terms.

Credit Facility

Our credit facility provides that subject to borrowing base requirements, we can borrow up to \$100.0 million for the acquisition of commercial real estate, repayment of mortgage debt, and renovation and operating expense purposes; provided, that if used for renovation and operating expense purposes, the amount outstanding for such purposes will not exceed the lesser of \$40.0 million and 40% of the borrowing base. See “—*Liquidity and Capital Resources*”. The facility matures December 31, 2026 and bears interest equal to 30-day SOFR plus the applicable margin. The applicable margin ranges from 175 basis points if our ratio of total debt to total value (as calculated pursuant to the facility) is equal to or less than 50%, increasing to a maximum of 275 basis points if such ratio is greater than 60%. The applicable margin was 175 basis points for each of 2023 and 2022. There is an unused facility fee of 0.25% per annum on the difference between the outstanding loan balance and \$100.0 million. The credit facility requires the maintenance of \$3.0 million in average deposit balances. For 2023, the weighted average interest rate on the facility was approximately 6.69% and as of February 29, 2024, the rate on the facility was 7.08%.

The terms of our credit facility include certain restrictions and covenants which may limit, among other things, the incurrence of liens, and which require compliance with financial ratios relating to, among other things, the minimum amount of tangible net worth, the minimum amount of debt service coverage, the minimum amount of fixed charge coverage, the maximum amount of debt to value, the minimum level of net income, certain investment limitations and the minimum value of unencumbered properties and the number of such properties.

Net proceeds received from the sale, financing or refinancing of properties are generally required to be used to repay amounts outstanding under our credit facility.

Inflation

We are exposed to inflation risk as income from long-term leases is the primary source of our cash flows from operations. Approximately 69% of our leases contain provisions intended to mitigate the impact of inflation. These provisions generally increase rental rates during the terms of the leases either at fixed rates or indexed escalations (based on the Consumer Price Index or other measures). In addition, many of our leases require the tenant to pay, or reimburse us for our payment of, all or a majority of the property's operating expenses, including real estate taxes, utilities, insurance and building repairs, which may also mitigate our risks associated with rising costs. However, these rent escalation provisions may not adequately offset the effects of inflation.

Inflation may also affect the overall cost of our unhedged debt (*i.e.*, primarily debt incurred pursuant to our credit facility) and mortgage debt we may incur in the future. (The interest rate risk associated with substantially all of our current mortgage debt is either mitigated through long-term fixed interest rate loans and interest rate hedges). Increasing interest rates on acquisition mortgage debt limits the acquisition opportunities we can pursue and reduces the prices at which we sell our properties.

Distribution Policy

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

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

Our board of directors will continue to evaluate, on a quarterly basis, the amount and nature (*i.e.*, cash, stock or a combination of the foregoing) of dividend payments based on its assessment of, among other things, our short and long-term cash and liquidity requirements, prospects, debt maturities, projections of our REIT taxable income, net income, funds from operations, and adjusted funds from operations.

Critical Accounting Estimates

Our discussion and analysis of financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States (“GAAP”). The preparation of these financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting periods. On an ongoing basis, we reconsider and evaluate our estimates and assumptions.

We base our estimates on historical experience, current trends and various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results could materially differ from any of our estimates under different assumptions or conditions. Our significant accounting policies are discussed in Note 2 of our consolidated financial statements in this report. We believe the accounting estimates listed below are the most critical to aid in fully understanding and evaluating our reported financial results, and they require our most difficult, subjective or complex judgments, resulting from the need to make estimates about the effect of matters that are inherently uncertain.

Revenue Recognition

Our main source of revenue is rental income from our tenants. Rental income primarily includes: (i) base rents that our tenants pay in accordance with the terms of their respective leases reported on a straight-line basis over the non-cancellable term of each lease and (ii) reimbursements by tenants of certain real estate operating expenses. Since many of our leases provide for rental increases at specified intervals, straight-line basis accounting requires us to record as an asset and include in revenues, unbilled rent receivables which we will only receive if the tenant makes all rent payments required through the expiration of the term of the lease. Accordingly, our management must determine, in its judgment, that the unbilled rent receivable applicable to each specific tenant is collectable. We review unbilled rent receivables on a quarterly basis and take into consideration the tenant’s payment history and the financial condition of the tenant. In the event that the collectability of an unbilled rent receivable is unlikely, we are required to write-off the receivable, which has an adverse effect on net income for the year in which the direct write-off is taken, and will decrease total assets and stockholders’ equity.

Purchase Accounting for Acquisition of Real Estate

The fair value of real estate acquired is allocated to acquired tangible assets (which includes land, building and building improvements) and identified intangible assets and liabilities (which include the value of above, below and at-market leases and origination costs associated with in-place leases and assumed mortgages) based in each case on their fair values. The fair value of the tangible assets of an acquired property is determined by valuing the property as if it were vacant, and the “as-if-vacant” value is then allocated to land, building and building improvements based on our determination of the relative fair values of these assets. We assess the fair value of the lease intangibles and assumed mortgages based on estimated cash flow projections that utilize appropriate discount rates and available market information. The fair values associated with below-market rental renewal options are determined based on our experience and the relevant facts and circumstances that existed at the time of the acquisitions. The portion of the values of the leases associated with below-market renewal options that we deem reasonably certain to be exercised by the tenant are amortized to rental income over the respective renewal periods. The allocation made by us may have a positive or negative effect on net income and may have an effect on the assets and liabilities on the balance sheet.

Carrying Value of Real Estate Portfolio

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

Equity-Based Compensation

We grant shares of restricted stock and restricted stock units ("RSUs") to eligible plan participants, subject to the recipient's continued service over a specified period and, with respect to the RSUs, the satisfaction of specified conditions over a specified period. The RSUs vest based upon satisfaction of specified metrics with respect to (i) average of our annual total stockholder return ("TSR Awards") and/or (ii) average annual return of capital ("ROC Awards"), in each case as calculated pursuant to the applicable award agreement. We account for the restricted stock awards and RSUs in accordance with ASC 718, *Compensation - Stock Compensation*, which requires that such compensation be recognized in the financial statements based on its estimated grant-date fair value. The value of such awards is recognized as compensation expense in general and administrative expenses in the accompanying consolidated statements of operations over the applicable service periods. Grant date fair value is determined with respect to the (i) the restricted stock awards, by the closing stock price on the date of grant, (ii) TSR Awards, by using a Monte Carlo simulation relying upon various assumptions and (iii) ROC Awards, by using the closing stock price on the grant date, subject to quarterly adjustment based upon management's projection as to the achievability of the specified metrics related to the ROC Awards. See Note 11 to our consolidated financial statements.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

Our primary market risk exposure is the effect of changes in interest rates on the interest cost of draws on our revolving variable rate credit facility and the effect of changes in the fair value of our interest rate swap agreements. Interest rates are highly sensitive to many factors, including governmental monetary and tax policies, domestic and international economic and political considerations and other factors beyond our control.

We use interest rate swaps to limit interest rate risk on substantially all variable rate mortgages. These swaps are used for hedging purposes-not for speculation. We do not enter into interest rate swaps for trading purposes. At December 31, 2023, we had no liability in the event of the early termination of our swaps.

At December 31, 2023, we had 13 interest rate swap agreements outstanding with an aggregate \$29.6 million notional amount. The fair market value of the interest rate swaps is dependent upon existing market interest rates and swap spreads, which change over time. As of December 31, 2023, if there had been an increase of 100 basis points in forward interest rates, the fair market value of the interest rate swaps and the net unrealized gain on derivative instruments would have increased by \$309,000. If there were a decrease of 100 basis points in forward interest rates, the fair market value of the interest rate swaps and the net unrealized gain on derivative instruments would have decreased by \$316,000. These changes would not have any impact on our net income or cash.

The fair market value of our long-term debt is estimated based on discounting future cash flows at interest rates that our management believes reflect the risks associated with long-term debt of similar risk and duration.

The following table sets forth our debt obligations by scheduled principal cash flow payments and maturity date, weighted average interest rates and estimated fair market value at December 31, 2023:

	For the Year Ended December 31,							Fair Market Value
(Dollars in thousands)	2024	2025	2026	2027	2028	Thereafter	Total	
<i>Fixed rate:</i>								
Long-term debt	\$ 61,779	\$ 41,477	\$ 29,670	\$ 47,923	\$ 38,873	\$ 202,843	\$ 422,565	\$ 397,031
Weighted average interest rate	4.63 %	4.30 %	4.01 %	3.77 %	4.58 %	4.33 %	4.31 %	5.93 %
<i>Variable rate:</i>								
Long-term debt(1)(2)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —

- (1) As of December 31, 2023, there was no balance outstanding on our credit facility. Our credit facility matures on December 31, 2026 and bears interest equal to 30-day SOFR plus the applicable margin. The applicable margin varies based on the ratio of total debt to total value. See “*Item 7. Management’s Discussion and Analysis of Financial Conditions and Results of Operations—Liquidity and Capital Resources—Credit Facility.*”
- (2) Excludes \$16.0 million of variable rate mortgage debt of which \$4.0 million with respect to a property tenanted by LA Fitness (Hamilton, Ohio) matures in 2024. For further information about our variable rate mortgage debt, see “*Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations—Overview—General Challenges and Uncertainties.*”

Item 8. Financial Statements and Supplementary Data.

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

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

Not applicable.

Item 9A. Controls and Procedures.*Evaluation of Disclosure Controls and Procedures*

A review and evaluation was performed by our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”) as of the end of the period covered by this Annual Report on Form 10-K. Based on that review and evaluation, our CEO and CFO have concluded that our disclosure controls and procedures, as designed and implemented as of December 31, 2023, were effective.

Management’s Report on Internal Control Over Financial Reporting

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

- pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of a company;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that receipts and expenditures of a company are being made only in accordance with authorizations of management and the board of directors of a company; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of a company’s assets that could have a material effect on the financial transactions.

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

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, assessed the effectiveness of our internal control over financial reporting as of December 31, 2023. In making this assessment, our management used criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control—Integrated Framework (2013).

Based on its assessment, our management concluded that, as of December 31, 2023, our internal control over financial reporting was effective based on those criteria.

Changes in Internal Controls over Financial Reporting

There have been no changes in our internal controls over financial reporting, as defined in in Rules 13a-15(f) and 15d-15(f) promulgated under the Exchange Act, that occurred during the three months ended December 31, 2023 that materially affected, or is reasonably likely to materially affect, our internal controls over financial reporting.

Item 9B. Other Information.

None of our officers or directors had any contract, instruction, or written plan for the purchase or sale of our securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or any “non-Rule 10b5-1 trading arrangement” in effect at any time during the three months ended December 31, 2023.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections.

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

Apart from certain information concerning our executive officers which is set forth in Part I of this Annual Report, additional information required by this Item 10 shall be included in our proxy statement for our 2024 annual meeting of stockholders, to be filed with the SEC not later than April 29, 2024, and is incorporated herein by reference.

Item 11. Executive Compensation.

The information required by this Item 11 will be included in our proxy statement for our 2024 annual meeting of stockholders, to be filed with the SEC not later than April 29, 2024, and is incorporated herein by reference.

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

Apart from the equity compensation plan information required by Item 201(d) of Regulation S-K which is set forth below, the information required by this Item 12 will be included in our proxy statement for our 2024 annual meeting of stockholders, to be filed with the SEC not later than April 29, 2024 and is incorporated herein by reference.

Equity Compensation Plan Information

The following table provides information as of December 31, 2023 about shares of our common stock that may be issued upon the exercise of options, warrants and rights under our 2016 Incentive Plan (the “2016 Plan”), our 2019 Incentive Plan (the “2019 Plan”; and together with the 2016 Plan, the “Prior Plans”) and our 2022 Incentive Plan (the “2022 Plan”; and together with the Prior Plans, the “Incentive Plans”). No further awards may be granted under the Prior Plans.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights(1)	Weighted average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column(a))(2)
	(a)	(b)	(c)
Equity compensation plans approved by security holders	248,112	—	428,675
Equity compensation plans not approved by security holders	—	—	—
Total	248,112	—	428,675

- (1) Includes up to 79,622 shares, 83,240 shares and 85,250 shares of common stock issuable pursuant to restricted stock units (“RSUs”) that vest as of June 30, 2024, 2025 and 2026, respectively, if and to the extent specified performance (*i.e.*, average annual return on capital) and/or market (*i.e.*, average annual total stockholder return) conditions are satisfied by such vesting dates. RSUs granted pursuant to the 2019 Plan and the 2022 Plan account for 79,622 shares and 168,490 shares, respectively. Excludes shares of restricted stock issued pursuant to the Incentive Plans as such shares, although subject to forfeiture, are outstanding. See Note 11 to our consolidated financial statements.
- (2) Gives effect to the outstanding restricted stock other than the 151,180 shares of restricted stock granted January 12, 2024 pursuant to the 2022 Plan.

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

The information required by this Item 13 will be included in our proxy statement for our 2024 annual meeting of stockholders, to be filed with the SEC not later than April 29, 2024 and is incorporated herein by reference.

Item 14. Principal Accountant Fees and Services.

The information required by this Item 14 will be included in our proxy statement for our 2024 annual meeting of stockholders, to be filed with the SEC not later than April 29, 2024 and is incorporated herein by reference.

PART IV

Item 15. Exhibits and Financial Statement Schedules.

(a) Documents filed as part of this Report:

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

—Report of Independent Registered Public Accounting Firm (PCAOB ID 00042)	F-1 through F-2
—Statements:	
Consolidated Balance Sheets	F-3
Consolidated Statements of Income	F-4
Consolidated Statements of Comprehensive Income	F-5
Consolidated Statements of Changes in Equity	F-6
Consolidated Statements of Cash Flows	F-7 through F-8
Notes to Consolidated Financial Statements	F-9 through F-37

(2) Financial Statement Schedules:

—Schedule III—Real Estate and Accumulated Depreciation	F-38 through F-41
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All other schedules are omitted because they are not applicable or the required information is shown in the consolidated financial statements or the notes thereto.

(b) Exhibits:

- 1.1 Equity Distribution Agreement, dated September 21, 2023 by and between One Liberty Properties, Inc. (“OLP”) and B. Riley FBR, Inc. (“Riley”) (incorporated by reference to Exhibit 1.1 to our Current Report on Form 8-K filed on September 21, 2023).
- 3.1 Articles of Amendment and Restatement of OLP (incorporated by reference to Exhibit 3.1 to our Annual Report on Form 10-K for the year ended December 31, 2020).
- 3.2 Amended and Restated By-Laws of OLP effective as of December 7, 2022 (incorporated by reference to Exhibit 3.2 to our Current Report on Form 8-K filed on December 12, 2022).
- 4.1 Form of Common Stock Certificate (incorporated by reference to Exhibit 4.1 to our Registration Statement on Form S-2, Registration No. 333-86850, filed on April 24, 2002 and declared effective on May 24, 2002).
- 4.2* OLP Amended and Restated 2016 Incentive Plan (incorporated by reference to Exhibit 4.2 to our Current Report on Form 8-K filed June 14, 2023).
- 4.3* OLP Amended and Restated 2019 Incentive Plan (incorporated by reference to Exhibit 4.3 to our Current Report on Form 8-K filed June 14, 2023).
- 4.4* OLP 2022 Incentive Plan (incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed June 9, 2022).
- 4.5 Description of Registrant’s Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934 (incorporated by reference to Exhibit 4.5 to our Annual Report on Form 10-K for the year ended December 31, 2020).
- 10.1 Third Amended and Restated Loan Agreement dated as of November 9, 2016, between VNB New York, LLC, People’s United Bank, Bank Leumi USA and Manufacturers and Traders Trust Company, as lenders, and OLP (the “Loan Agreement”) (incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed November 10, 2016).
- 10.2 First Amendment to Loan Agreement dated July 1, 2019 (incorporated by reference to Exhibit 10.1 to our Quarterly Report on Form 10-Q for the quarter ended June 30, 2019).
- 10.3 Second Amendment to Loan Agreement dated as of July 8, 2020 (incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed July 14, 2020).
- 10.4 Third Amendment to Loan Agreement dated as of March 3, 2021 (incorporated by reference to Exhibit 10.4 to our Annual Report on Form 10-K for the year ended December 31, 2020).

- 10.5 Fourth Amendment to Loan Agreement dated as of November 8, 2022 (incorporated by reference to Exhibit 10.1 our Current Report on Form 8-K filed November 9, 2022).
- 10.6* Compensation and Services Agreement effective as of January 1, 2007 between OLP and Majestic Property Management Corp. (incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed on March 14, 2007).
- 10.7* First Amendment to Compensation and Services Agreement effective as of April 1, 2012 between OLP and Majestic Property Management Corp. (incorporated by reference to Exhibit 10.1 to our Quarterly Report on Form 10-Q for the quarter ended March 31, 2012).
- 10.8* Form of Performance Award Agreement for grants in 2019 and 2020 pursuant to the 2019 Incentive Plan (incorporated by reference to Exhibit 10.2 to our Quarterly Report on Form 10-Q for the quarter ended June 30, 2019).
- 10.9* Form of Restricted Stock Award Agreement for awards granted in 2020 and 2021 pursuant to the 2019 Incentive Plan (incorporated by reference to Exhibit 10.11 to our Annual Report on Form 10-K for the year ended December 31, 2019).
- 10.10* Form of Performance Award Agreement for grants in 2021 pursuant to the 2019 Incentive Plan (incorporated by reference to Exhibit 10.1 to our Quarterly Report on Form 10-Q for the quarter ended September 30, 2021).
- 10.11* Form of Performance Award Agreement for grants in 2022 pursuant to the 2022 Incentive Plan (incorporated by reference to Exhibit 10.1 to our Quarterly Report on Form 10-Q for the period ended June 30, 2022).
- 10.12* Form of Performance Award Agreement for grants in 2023 pursuant to the 2022 Incentive Plan (incorporated by reference to Exhibit 10.1 to our Quarterly Report on Form 10-Q for the period ended June 30, 2023).
- 10.13* Form of Restricted Stock Award Agreement for awards granted in 2023 pursuant to the 2022 Incentive Plan (incorporated by reference to Exhibit 10.16 to our Annual Report on Form 10-K for the year ended December 31, 2022).
- 10.14* Form of Restricted Stock Award Agreement for awards granted in 2024 pursuant to the 2022 Incentive Plan.
- 21.1 Subsidiaries of the Registrant
- 23.1 Consent of Ernst & Young LLP
- 31.1 Certification of President and Chief Executive Officer
- 31.2 Certification of Senior Vice President and Chief Financial Officer
- 32.1 Certification of President and Chief Executive Officer
- 32.2 Certification of Senior Vice President and Chief Financial Officer
- 97.1 Registrant's Clawback Policy effective October 2, 2023
- 101 The following financial statements, notes and schedule from the One Liberty Properties, Inc. Annual Report on Form 10-K for the year ended December 31, 2023 filed on March 6, 2024 formatted in Inline XBRL: (i) Consolidated Balance Sheets; (ii) Consolidated Statements of Income; (iii) Consolidated Statements of Comprehensive Income; (iv) Consolidated Statements of Changes in Equity; (v) Consolidated Statements of Cash Flows; (vi) Notes to the Consolidated Financial Statements; and (vii) Schedule III – Consolidated Real Estate and Accumulated Depreciation.
- 104 Cover Page Interactive Data File (the cover page XBRL tags are embedded in the Inline XBRL document and included in Exhibit 101).

* Indicates a management contract or compensatory plan or arrangement.

The file number for all the exhibits incorporated by reference is 001-09279 other than exhibit 4.1 whose file number is 333-86850.

Item 16. Form 10-K Summary

Not applicable.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf of the undersigned, thereunto duly authorized.

March 6, 2024

ONE LIBERTY PROPERTIES, INC.

By: /s/ PATRICK J. CALLAN, JR.
Patrick J. Callan, Jr.
President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ MATTHEW J. GOULD Matthew J. Gould	Chairman of the Board of Directors	March 6, 2024
/s/ FREDRIC H. GOULD Fredric H. Gould	Vice Chairman of the Board of Directors	March 6, 2024
/s/ PATRICK J. CALLAN, JR. Patrick J. Callan, Jr.	President, Chief Executive Officer and Director (Principal Executive Officer)	March 6, 2024
_____ Charles Biederman	Director	March __, 2024
/s/ EDWARD GELLERT Edward Gellert	Director	March 6, 2024
/s/ JEFFREY A. GOULD Jeffrey A. Gould	Director	March 6, 2024
/s/ J. ROBERT LOVEJOY J. Robert Lovejoy	Director	March 6, 2024
/s/ LEOR SIRI Leor Siri	Director	March 6, 2024
/s/ KAREN A. TILL Karen A. Till	Director	March 6, 2024

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ ISAAC KALISH</u> Isaac Kalish	Senior Vice President and Chief Financial Officer (Principal Financial Officer)	March 6, 2024
<u>/s/ MILI MATHEW</u> Mili Mathew	Vice President, Financial (Principal Accounting Officer)	March 6, 2024

Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of One Liberty Properties, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of One Liberty Properties, Inc. and subsidiaries (the Company) as of December 31, 2023 and 2022, the related consolidated statements of income, comprehensive income, changes in equity and cash flows for each of the three years in the period ended December 31, 2023, and the related notes and financial statement schedule listed in the Index at Item 15(a) (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2023, in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the account or disclosures to which it relates.

Impairment of Real Estate Investments

Description of the Matter

At December 31, 2023, the Company’s real estate investments totaled approximately \$682 million. As described in Note 2 to the consolidated financial statements, investments in real estate are reviewed for impairment when circumstances indicate that the carrying value of a property may not be recoverable.

Auditing the Company’s impairment assessment for real estate investments was especially challenging and involved a high degree of subjectivity as a result of the assumptions and estimates inherent in the determination of estimated future cash flows expected to result from the property’s use and eventual disposition. In particular, management’s assumptions and estimates included projected rental rates during the holding period and property capitalization

rates, which were sensitive to expectations about future operations, market or economic conditions, demand and competition.

*How We
Addressed the
Matter in Our
Audit*

To test the Company's impairment assessment for real estate investments, we performed audit procedures that included, among others, evaluating the methodologies applied and testing the significant assumptions discussed above and the underlying data used by the Company in its impairment analyses. In certain cases, we involved our valuation specialists to assist in performing these procedures. We compared the significant assumptions used by management to historical data and observable market-specific data. We also performed sensitivity analyses of significant assumptions to evaluate the changes in estimated future cash flows that would result from changes in the assumptions.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 1989.

New York, New York

March 6, 2024

ONE LIBERTY PROPERTIES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Amounts in Thousands, Except Par Value)

	December 31,	
	2023	2022
ASSETS		
Real estate investments, at cost		
Land	\$ 172,309	\$ 181,805
Buildings and improvements	692,346	697,791
Total real estate investments, at cost	864,655	879,596
Less accumulated depreciation	182,705	173,143
Real estate investments, net	681,950	706,453
Investment in unconsolidated joint ventures	2,051	10,400
Cash and cash equivalents	26,430	6,718
Unbilled rent receivable	16,661	16,079
Unamortized intangible lease assets, net	14,681	19,841
Escrow, deposits and other assets and receivables	19,833	23,764
Total assets ⁽¹⁾	\$ 761,606	\$ 783,255
LIABILITIES AND EQUITY		
Liabilities:		
Mortgages payable, net (see Note 8)	\$ 418,347	\$ 405,162
Line of credit, net (see Note 8)	—	21,068
Dividends payable	9,916	9,693
Accrued expenses and other liabilities	15,502	19,270
Unamortized intangible lease liabilities, net	10,096	11,125
Total liabilities ⁽¹⁾	453,861	466,318
Commitments and contingencies		
Equity:		
One Liberty Properties, Inc. stockholders' equity:		
Preferred stock, \$1 par value; 12,500 shares authorized; none issued	—	—
Common stock, \$1 par value; 50,000 shares authorized; 20,323 and 20,362 shares issued and outstanding	20,323	20,362
Paid-in capital	326,379	325,895
Accumulated other comprehensive income	844	1,810
Distributions in excess of net income	(40,843)	(32,102)
Total One Liberty Properties, Inc. stockholders' equity	306,703	315,965
Non-controlling interests in consolidated joint ventures ⁽¹⁾	1,042	972
Total equity	307,745	316,937
Total liabilities and equity	\$ 761,606	\$ 783,255

(1) The Company's consolidated balance sheets include assets and liabilities of consolidated variable interest entities ("VIEs"). See Note 6. The consolidated balance sheets include the following amounts related to the Company's consolidated VIEs: \$9,917 and \$10,365 of land, \$17,475 and \$17,870 of building and improvements, net of \$6,380 and \$5,670 of accumulated depreciation, \$3,158 and \$3,518 of other assets included in other line items, \$16,660 and \$18,500 of real estate debt, net, \$1,130 and \$1,135 of other liabilities included in other line items, and \$1,042 and \$972 of non-controlling interests as of December 31, 2023 and 2022, respectively.

See accompanying notes.

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

	Year Ended December 31,		
	2023	2022	2021
Revenues:			
Rental income, net	\$ 90,646	\$ 92,191	\$ 82,180
Lease termination fees	—	25	560
Total revenues	<u>90,646</u>	<u>92,216</u>	<u>82,740</u>
Operating expenses:			
Depreciation and amortization	24,789	23,781	22,832
General and administrative (see Note 10 for related party information)	15,822	15,258	14,310
Real estate expenses (see Note 10 for related party information)	16,444	15,508	13,802
State taxes	284	285	291
Total operating expenses	<u>57,339</u>	<u>54,832</u>	<u>51,235</u>
Other operating income			
Gain on sale of real estate, net	17,008	16,762	25,463
Operating income	<u>50,315</u>	<u>54,146</u>	<u>56,968</u>
Other income and expenses:			
Equity in (loss) earnings of unconsolidated joint ventures	(904)	400	202
Equity in (loss) earnings from sale of unconsolidated joint venture properties	(108)	—	805
Prepayment costs on debt	—	—	(901)
Income on settlement of litigation (see Note 13)	—	5,388	—
Other income (see Note 13)	234	1,003	869
Interest:			
Expense	(18,780)	(17,569)	(17,939)
Amortization and write-off of deferred financing costs	(839)	(1,115)	(970)
Net income	29,918	42,253	39,034
Net income attributable to non-controlling interests	(304)	(76)	(177)
Net income attributable to One Liberty Properties, Inc.	<u>\$ 29,614</u>	<u>\$ 42,177</u>	<u>\$ 38,857</u>
Weighted average number of common shares outstanding:			
Basic	<u>20,499</u>	<u>20,360</u>	<u>20,086</u>
Diluted	<u>20,556</u>	<u>20,453</u>	<u>20,264</u>
Per common share attributable to common stockholders:			
Basic	<u>\$ 1.38</u>	<u>\$ 2.00</u>	<u>\$ 1.87</u>
Diluted	<u>\$ 1.38</u>	<u>\$ 1.99</u>	<u>\$ 1.85</u>

See accompanying notes.

ONE LIBERTY PROPERTIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Amounts in Thousands)

	Year Ended December 31,		
	2023	2022	2021
Net income	\$ 29,918	\$ 42,253	\$ 39,034
Other comprehensive income			
Net unrealized (loss) gain on derivative instruments	(967)	3,325	3,497
Comprehensive income	28,951	45,578	42,531
Net income attributable to non-controlling interests	(304)	(76)	(177)
Adjustment for derivative instruments attributable to non-controlling interests	1	(2)	(8)
Comprehensive income attributable to One Liberty Properties, Inc.	\$ 28,648	\$ 45,500	\$ 42,346

See accompanying notes.

ONE LIBERTY PROPERTIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE YEARS ENDED DECEMBER 31, 2023
(Amounts in Thousands, Except Per Share Data)

	Common Stock	Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Distributions in Excess of Net Income	Non- Controlling Interests in Consolidated Joint Ventures	Total
Balances, December 31, 2020	\$ 19,878	\$ 313,430	\$ (5,002)	\$ (37,539)	\$ 1,193	\$ 291,960
Distributions — common stock						
Cash — \$1.80 per share	—	—	—	(37,505)	—	(37,505)
Shares issued through dividend reinvestment plan	35	942	—	—	—	977
Shares issued through equity offering program, net	106	3,208	—	—	—	3,314
Restricted stock and RSU vesting	220	(220)	—	—	—	—
Compensation expense — restricted stock and RSUs	—	5,433	—	—	—	5,433
Contributions from non-controlling interest	—	—	—	—	25	25
Distributions to non-controlling interests	—	—	—	—	(457)	(457)
Net income	—	—	—	38,857	177	39,034
Other comprehensive income	—	—	3,489	—	8	3,497
Balances, December 31, 2021	20,239	322,793	(1,513)	(36,187)	946	306,278
Distributions — common stock						
Cash — \$1.80 per share	—	—	—	(38,092)	—	(38,092)
Repurchases of common stock, net	(208)	(5,032)	—	—	—	(5,240)
Shares issued through dividend reinvestment plan	102	2,293	—	—	—	2,395
Shares issued through equity offering program, net	17	546	—	—	—	563
Restricted stock and RSU vesting	212	(212)	—	—	—	—
Compensation expense — restricted stock and RSUs	—	5,507	—	—	—	5,507
Distributions to non-controlling interests	—	—	—	—	(52)	(52)
Net income	—	—	—	42,177	76	42,253
Other comprehensive income	—	—	3,323	—	2	3,325
Balances, December 31, 2022	20,362	325,895	1,810	(32,102)	972	316,937
Distributions — common stock						
Cash — \$1.80 per share	—	—	—	(38,355)	—	(38,355)
Repurchases of common stock, net	(499)	(9,139)	—	—	—	(9,638)
Shares issued through dividend reinvestment plan	233	4,483	—	—	—	4,716
Restricted stock and RSU vesting	227	(227)	—	—	—	—
Compensation expense — restricted stock and RSUs	—	5,367	—	—	—	5,367
Distributions to non-controlling interests	—	—	—	—	(233)	(233)
Net income	—	—	—	29,614	304	29,918
Other comprehensive loss	—	—	(966)	—	(1)	(967)
Balances, December 31, 2023	\$ 20,323	\$ 326,379	\$ 844	\$ (40,843)	\$ 1,042	\$ 307,745

See accompanying notes.

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

	Year Ended December 31,		
	2023	2022	2021
Cash flows from operating activities:			
Net income	\$ 29,918	\$ 42,253	\$ 39,034
Adjustments to reconcile net income to net cash provided by operating activities:			
Gain on sale of real estate, net	(17,008)	(16,762)	(25,463)
Increase in net amortization of unbilled rental income	(1,898)	(2,409)	(234)
Write-off of unbilled rent receivable	133	—	—
Amortization and write-off of intangibles relating to leases, net	(952)	(831)	(785)
Amortization of restricted stock and RSU compensation expense	5,367	5,507	5,433
Equity in loss (earnings) of unconsolidated joint ventures	904	(400)	(202)
Equity in loss (earnings) from sale of unconsolidated joint venture properties	108	—	(805)
Distributions of earnings from unconsolidated joint venture	194	172	1,440
Depreciation and amortization	24,789	23,781	22,832
Amortization and write-off of deferred financing costs	839	1,115	970
Payment of leasing commissions	(755)	(2,561)	(1,430)
Decrease (increase) in escrow, deposits, other assets and receivables	3,818	(6,856)	6,759
Increase in accrued expenses and other liabilities	596	1,188	1,012
Net cash provided by operating activities	<u>46,053</u>	<u>44,197</u>	<u>48,561</u>
Cash flows from investing activities:			
Purchase of real estate	(9,229)	(51,217)	(24,534)
Improvements to real estate	(4,866)	(4,574)	(4,106)
Investments in ground leased property	(932)	(697)	(1,746)
Net proceeds from sale of real estate	40,839	30,253	52,685
Insurance recovery proceeds due to casualty loss	—	918	975
Distributions of capital from unconsolidated joint ventures	7,143	—	97
Net cash provided by (used in) investing activities	<u>32,955</u>	<u>(25,317)</u>	<u>23,371</u>
Cash flows from financing activities:			
Scheduled amortization payments of mortgages payable	(12,405)	(12,624)	(13,957)
Repayment of mortgages payable	(14,935)	(54,585)	(30,532)
Proceeds from mortgage financings	36,450	70,690	10,600
Proceeds from bank line of credit	40,900	53,300	21,200
Repayments on bank line of credit	(62,700)	(43,200)	(22,450)
Issuance of shares through dividend reinvestment plan	4,716	2,395	977
Repurchases of common stock, net	(9,638)	(5,240)	—
Proceeds from sale of common stock, net	—	563	3,314
Payment of financing costs	(716)	(1,669)	(232)
Capital contributions from non-controlling interest	—	—	25
Distributions to non-controlling interests	(233)	(52)	(457)
Cash distributions to common stockholders	(38,132)	(37,847)	(37,318)
Net cash used in financing activities	<u>(56,693)</u>	<u>(28,269)</u>	<u>(68,830)</u>
Net increase (decrease) in cash, cash equivalents and restricted cash	22,315	(9,389)	3,102
Cash, cash equivalents and restricted cash at beginning of year	7,277	16,666	13,564
Cash, cash equivalents and restricted cash at end of year	<u>\$ 29,592</u>	<u>\$ 7,277</u>	<u>\$ 16,666</u>

(continued on next page)

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

The following table provides supplemental disclosure of cash flow information:

	Year Ended December 31,		
	2023	2022	2021
Cash paid for interest expense and prepayment costs on debt	\$ 18,798	\$ 17,475	\$ 18,972
Supplemental disclosure of non-cash investing activities:			
Assumption of mortgages payable upon acquisition of properties	\$ 4,280	\$ 6,034	\$ —
Lease liabilities adjustment from the reassessment of right of use assets	3,366	—	—
Loan receivable in connection with sale of a property	1,816	—	—
Purchase accounting allocation - intangible lease assets	871	4,322	2,288
Purchase accounting allocation - mortgage intangible assets	260	670	—
Purchase accounting allocation - intangible lease liabilities	(237)	(2,006)	(632)

The following table provides a reconciliation of cash and cash equivalents and restricted cash reported within the consolidated balance sheets that sum to the total of the same such amounts shown in the consolidated statements of cash flows:

	December 31,	
	2023	2022
Cash and cash equivalents	\$ 26,430	\$ 6,718
Restricted cash included in escrow, deposits and other assets and receivables	3,162	559
Total cash, cash equivalents and restricted cash shown in the consolidated statements of cash flows	<u>\$ 29,592</u>	<u>\$ 7,277</u>

Restricted cash included in escrow, deposits and other assets and receivables represent amounts related to real estate tax and other reserve escrows required to be held by lenders in accordance with the Company's mortgage agreements. The restriction on these escrow reserves will lapse when the related mortgage is repaid or when the related reserve conditions are satisfied.

See accompanying notes.

ONE LIBERTY PROPERTIES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1 — ORGANIZATION AND BACKGROUND

One Liberty Properties, Inc. (“OLP”) was incorporated in 1982 in Maryland. OLP is a self-administered and self-managed real estate investment trust (“REIT”). OLP acquires, owns and manages a geographically diversified portfolio consisting primarily of industrial and, to a lesser extent, retail properties, many of which are subject to long-term net leases. As of December 31, 2023, OLP owns 110 properties, including three properties owned by consolidated joint ventures and two properties owned by unconsolidated joint ventures. The 110 properties are located in 31 states.

NOTE 2 — SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The consolidated financial statements include the accounts and operations of OLP, its wholly owned subsidiaries, its joint ventures in which the Company, as defined, has a controlling interest, and variable interest entities (“VIEs”) of which the Company is the primary beneficiary. OLP and its consolidated subsidiaries are referred to herein as the “Company”. Material intercompany items and transactions have been eliminated in consolidation.

Use of Estimates

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

Management believes that the estimates and assumptions that are most important to the portrayal of the Company’s consolidated financial condition and results of operations, in that they require management’s most difficult, subjective or complex judgments, form the basis of the accounting policies deemed to be most significant to the Company. These significant accounting policies relate to revenues and the value of the Company’s real estate portfolio, including investments in unconsolidated joint ventures. Management believes its estimates and assumptions related to these significant accounting policies are appropriate under the circumstances; however, should future events or occurrences result in unanticipated consequences, there could be a material impact on the Company’s future consolidated financial condition or results of operations.

Segment Reporting

Substantially all of the Company’s real estate assets, at acquisition, are comprised of real estate owned that is leased to tenants on a long-term basis. Therefore, the Company aggregates real estate assets for reporting purposes and operates in one reportable segment.

Revenue Recognition

Rental income includes the base rent that each tenant is required to pay in accordance with the terms of its lease reported over the non-cancelable term of the lease on a straight-line basis, if collectability is probable. On a quarterly basis, management reviews the tenant’s payment history and financial condition in determining, in its judgment, whether any accrued rental income and unbilled rent receivable balances applicable to a specific tenant is collectable. Any change to the collectability of lease payments or unbilled rent receivables is recognized as a current period adjustment to rental revenue (see Note 3).

ONE LIBERTY PROPERTIES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 — SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Some leases provide for increases based on the Consumer Price Index or for additional contingent rental revenue in the form of percentage rents. The percentage rents are based upon the level of sales achieved by the lessee and are recognized once the required sales levels are reached. Some leases provide for an incentive for the lessee to sign a lease, such as a leasehold improvement allowance in which the Company reimburses the tenant for the construction of lessee assets. Such lease incentives are capitalized at lease commencement and recognized on a straight-line basis over the lease term as a reduction to rental income. A ground lease provides for rent which can be deferred and paid based on the operating performance of the property; therefore, this rent is recognized as rental income when the operating performance is achieved and the rent is received.

Many of the Company's properties are subject to long-term net leases under which the tenant is typically responsible to pay directly to the vendor the real estate taxes, insurance, utilities and ordinary maintenance and repairs related to the property, and the Company is not the primary obligor with respect to such items. As a result, the revenue and expenses relating to these properties are recorded on a net basis. For certain properties, in addition to contractual base rent, the tenants pay their contracted for share of real estate taxes and operating expenses to the Company. The revenue and expenses associated with properties at which the Company is the primary obligor are generally recorded on a gross basis. During 2023, 2022 and 2021, the Company recorded reimbursements of expenses of \$13,636,000, \$12,548,000 and \$10,938,000, respectively, which are included in Rental income, net in the accompanying consolidated statements of income.

Gains and losses on the sale of real estate investments are recorded when the Company no longer holds a controlling financial interest in the entity which holds the real estate investment and the relevant revenue recognition criteria under GAAP have been met.

Purchase Accounting for Acquisition of Real Estate

In acquiring real estate, the Company evaluates whether substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or a group of similar identifiable assets, and if that requirement is met, the asset group is accounted for as an asset acquisition and not a business combination. Transaction costs incurred with such asset acquisitions are capitalized to real estate assets and depreciated over the respectful useful lives.

The Company allocates the purchase price of real estate, including direct transaction costs applicable to an asset acquisition, among land, building, improvements and intangibles (*e.g.*, the value of above, below and at-market leases, and origination costs associated with in-place leases and above or below-market mortgages assumed at the acquisition date). The value, as determined, is allocated to the gross assets acquired based on management's determination of the relative fair values of these assets and liabilities.

The Company assesses the fair value of the gross assets acquired based on available market information which utilize estimated cash flow projections; such inputs are categorized as Level 3 inputs in the fair value hierarchy. In determining fair value, factors considered by management include an evaluation of current market demand, market capitalization rates and discount rates, estimates of carrying costs (*e.g.*, real estate taxes, insurance and other operating expenses), and lost rental revenue during the expected lease-up periods. Management also estimates costs to execute similar leases, including leasing commissions and tenant improvements.

The values of acquired above-market and below-market leases are recorded based on the present values (using discount rates which reflect the risks associated with the leases acquired) of the difference between the contractual amounts to be received and management's estimate of market lease rates, measured over the terms of the respective leases that management deemed appropriate at the time of the acquisitions. Such valuations include a consideration of the non-cancellable terms of the respective leases, as well as any applicable renewal

ONE LIBERTY PROPERTIES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 — SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

period(s). The fair values associated with below-market rental renewal options are determined based on the Company's experience and other relevant factors at the time of the acquisitions. The values of above-market leases are amortized as a reduction to rental income over the terms of the respective non-cancellable lease periods. The portion of the values of below-market leases are amortized as an increase to rental income over the terms of the respective non-cancellable lease periods. The portion of the values of the leases associated with below-market renewal options that management deemed are reasonably certain to be exercised by the tenant are amortized to rental income over such renewal periods. The value of other intangible assets (*i.e.*, origination costs) is recorded to amortization expense over the remaining terms of the respective leases. If a lease is terminated prior to its contractual expiration date or not renewed, all unamortized amounts relating to that lease would be recognized in operations at that time. The estimated useful lives of intangible assets or liabilities generally range from one to 32 years.

The values of assumed mortgages are recorded based on the present values (using discount rates which reflect the risks associated with the mortgage assumed) of the difference between the contractual amounts to be paid at the stated interest rates and management's estimate of market interest rates for similar debt, at the time of the acquisition, measured over the terms of the respective debt. The values of above or below-market mortgages are amortized as a decrease or increase, respectively, to interest expense over the term of the respective debt which range from six to seven years.

Accounting for Long-Lived Assets and Impairment of Real Estate Owned

The Company reviews its real estate portfolio on a quarterly basis for indicators of impairment to the value of any of its real estate assets, including deferred costs and intangibles, to determine if there is any need for an impairment charge. In reviewing the portfolio, the Company examines one or more of the following: the type of asset, the current financial statements or other available financial information of the tenant, prolonged or significant vacancies, the economic environment of the area in which the asset is located and the industry in which the tenant is involved, the timeliness of the payments made by the tenant under its lease, property inspection reports and communication with, by, or relating to, the tenant. For each real estate asset owned for which indicators of impairment exist, management performs a recoverability test by comparing (i) the sum of the estimated undiscounted future cash flows attributable to the asset, which are determined using assumptions and estimates, including projected rental rates over an appropriate holding period and property capitalization rates, to (ii) the carrying amount of the asset. If the aggregate undiscounted cash flows are less than the asset's carrying amount, an impairment is recorded to the extent that the estimated fair value is less than the asset's carrying amount. The estimated fair value is determined using a discounted cash flow model of the expected future cash flows through the useful life of the property. The analysis includes an estimate of the future cash flows that are expected to result from the real estate investment's use and eventual disposition. These cash flows consider factors such as expected future operating income, trends and prospects, the effects of leasing demand, competition and other factors. During the three years ended December 31, 2023, there were no impairment charges related to the Company's real estate portfolio.

Properties Held-for-Sale

Real estate investments are classified as properties held-for-sale when management determines that the investment meets the applicable criteria. Real estate assets that are classified as held-for-sale are: (i) valued at the lower of carrying amount or the estimated fair value less costs to sell on an individual asset basis; and (ii) not depreciated.

ONE LIBERTY PROPERTIES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 — SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investment in Joint Ventures and Variable Interest Entities

The Financial Accounting Standards Board, or FASB, provides guidance for determining whether an entity is a VIE. VIEs are defined as entities in which equity investors do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support. A VIE is required to be consolidated by its primary beneficiary, which is the party that (i) has the power to control the activities that most significantly impact the VIE's economic performance and (ii) has the obligation to absorb losses, or the right to receive benefits, of the VIE that could potentially be significant to the VIE.

The Company assesses the accounting treatment for each of its investments, including a review of each venture or limited liability company or partnership agreement, to determine the rights of each party and whether those rights are protective or participating. The agreements typically contain certain protective rights, such as the requirement of partner approval to sell, finance or refinance the property and to pay capital expenditures and operating expenditures outside of the approved budget or operating plan. In situations where, among other things, the Company and its partners jointly (i) approve the annual budget, (ii) approve certain expenditures, (iii) prepare or review and approve the joint venture's tax return before filing, or (iv) approve each lease at a property, the Company does not consolidate as the Company considers these to be substantive participation rights that result in shared, joint power over the activities that most significantly impact the performance of the joint venture or property. Additionally, the Company assesses the accounting treatment for any interests pursuant to which the Company may have a variable interest as a lessor. Leases may contain certain protective rights, such as the right of sale and the receipt of certain escrow deposits.

The Company accounts for its investments in unconsolidated joint ventures under the equity method of accounting. All investments in unconsolidated joint ventures have sufficient equity at risk to permit the entity to finance its activities without additional subordinated financial support and, as a group, the holders of the equity at risk have power through voting rights to direct the activities of these ventures. As a result, none of these joint ventures are VIEs. In addition, the Company shares power with its co-managing members over these entities, and therefore the entities are not consolidated. These investments are recorded initially at cost, as investments in unconsolidated joint ventures, and subsequently adjusted for their share of equity in earnings, cash contributions and distributions. None of the joint venture debt is recourse to the Company, subject to standard carve-outs.

The Company reviews on a quarterly basis its investments in unconsolidated joint ventures for other-than-temporary losses in investment value. Any decline that is not expected to be recovered based on the underlying assets of the investment is considered other than temporary and an impairment charge is recorded as a reduction in the carrying value of the investment. During the three years ended December 31, 2023, there were no impairment charges related to the Company's investments in unconsolidated joint ventures.

The Company has elected to follow the cumulative earnings approach when assessing, for the consolidated statement of cash flows, whether the distribution from the investee is a return of the investor's investment as compared to a return on its investment. The source of the cash generated by the investee to fund the distribution is not a factor in the analysis (that is, it does not matter whether the cash was generated through investee refinancing, sale of assets or operating results). Consequently, the investor only considers the relationship between the cash received from the investee to its equity in the undistributed earnings of the investee, on a cumulative basis, in assessing whether the distribution from the investee is a return on or a return of its investment. Cash received from the unconsolidated entity is presumed to be a return on the investment to the extent that, on a cumulative basis, distributions received by the investor are less than its share of the equity in the undistributed earnings of the entity.

ONE LIBERTY PROPERTIES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 — SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements

The Company measures the fair value of financial instruments based on the assumptions that market participants would use in pricing the asset or liability. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). As a basis for considering market participant assumptions in fair value measurements, a fair value hierarchy distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity and the reporting entity's own assumptions about market participant assumptions. In accordance with the fair value hierarchy, Level 1 assets/liabilities are valued based on quoted prices for identical instruments in active markets, Level 2 assets/liabilities are valued based on quoted prices in active markets for similar instruments, on quoted prices in less active or inactive markets, or on other "observable" market inputs and Level 3 assets/liabilities are valued based on significant "unobservable" market inputs.

Derivatives and Hedging Activities

The Company uses interest rate swaps to add stability to interest expense; not for trading or speculative purposes.

The Company records all derivatives on the consolidated balance sheets at fair value using widely accepted valuation techniques including a discounted cash flow analysis on the expected cash flows of the derivatives. In addition, the Company incorporates credit valuation adjustments to appropriately reflect both its own non-performance risk and the respective counterparty's non-performance risk in the fair value measurements. These counterparties are generally large financial institutions engaged in providing a variety of financial services. These institutions generally face similar risks regarding adverse changes in market and economic conditions including, but not limited to, fluctuations in interest rates, exchange rates, equity and commodity prices and credit spreads.

The accounting for changes in the fair value of derivatives depends on the intended use of the derivative, whether the Company has elected to designate a derivative in a hedging relationship and apply hedge accounting and whether the hedging relationship has satisfied the criteria necessary to apply hedge accounting. Derivatives designated and qualifying as a hedge of the exposure to variability in expected future cash flows are considered cash flow hedges. For derivatives designated as cash flow hedges, the effective portion of changes in the fair value of the derivative is initially reported in accumulated other comprehensive income (outside of earnings) and subsequently reclassified to earnings in the period in which the hedged transaction becomes ineffective. For derivatives not designated as cash flow hedges, changes in the fair value of the derivative are recognized directly in earnings in the period in which the change occurs; however, the Company's policy is to not enter into such transactions.

Stock Based Compensation

The fair value of restricted stock grants and restricted stock units ("RSUs"), determined as of the date of grant, is amortized into general and administrative expense over the respective vesting period. The deferred compensation to be recognized as expense is net of forfeitures. The Company recognizes the effect of forfeitures when they occur and previously recognized compensation expense is reversed in the period the grant or unit is forfeited. For share-based awards with a performance or market measure, the Company recognizes compensation expense over the requisite service period and the performance assumptions are re-evaluated quarterly. The requisite service period begins on the date the Compensation Committee of the Company's Board of Directors authorizes the award, adopts any relevant performance measures and communicates the award to the recipient.

ONE LIBERTY PROPERTIES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 — SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Company is qualified as a REIT under the applicable provisions of the Internal Revenue Code. Under these provisions, the Company will not be subject to Federal, and generally, state and local income taxes, on amounts distributed to stockholders, provided it distributes at least 90% of its ordinary taxable income and meets certain other conditions.

The Company follows a two-step approach for evaluating uncertain tax positions. Recognition (step one) occurs when an enterprise concludes that a tax position, based solely on its technical merits, is more-likely-than-not to be sustained upon examination. Measurement (step two) determines the amount of benefit that more-likely-than-not will be realized upon settlement. Derecognition of a tax position that was previously recognized would occur when a company subsequently determines that a tax position no longer meets the more-likely-than-not threshold of being sustained. The use of a valuation allowance as a substitute for derecognition of tax positions is prohibited. The Company has not identified any uncertain tax positions requiring accrual.

Cash and Cash Equivalents

All highly liquid investments with original maturities of three months or less when purchased are considered to be cash equivalents.

Concentration of Credit Risk

The Company maintains cash accounts at various financial institutions. While the Company attempts to limit any financial exposure, substantially all of its deposit balances exceed federally insured limits. The Company has not experienced any losses on such accounts.

The Company's properties are located in 31 states. Only one state, South Carolina, contributed more than 10% (*i.e.*, 10.3%) to the Company's total revenues in 2023. No real estate investments in any one state contributed more than 10% to the Company's total revenues in 2022 and 2021.

No tenant contributed over 10% to the Company's total revenues in any of the past three years.

Escrows

Real estate taxes and other escrows aggregating \$3,162,000 and \$559,000 at December 31, 2023 and 2022, respectively, are included in Escrow, deposits and other assets and receivables.

New Accounting Pronouncements

In November 2023, the FASB issued ASU No. 2023-07, *Segment Reporting – Improvements to Reportable Segments Disclosures*, which enhances disclosures of significant segment expenses regularly provided to the chief operating decision maker, extends certain annual disclosures to interim periods, and permits more than one measure of segment profit or loss to be reported under certain conditions. The amendments are effective for fiscal years beginning after December 15, 2023 and early adoption of the amendment is permitted. The Company has evaluated the guidance and determined it will have no material impact to the financial statements.

In March 2020, the FASB issued ASU No. 2020-04, *Reference Rate Reform (Topic 848)*, which was amended in December 2022 by ASU No. 2022-06, *Reference Rate Reform (Topic 848): Deferral of the Sunset Date of Topic 848*. This Topic contains practical expedients for reference rate reform related activities that impact debt, leases, derivatives and other contracts. As of December 31, 2023, the Company has converted all its LIBOR indexed debt and derivatives to SOFR based indexes. For all derivative financial instruments designated as effective hedges, the Company utilized the elective relief in Topic 848 which allows for the continuation of hedge accounting through the transition process.

ONE LIBERTY PROPERTIES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 3 — LEASES

Lessor Accounting

The Company owns rental properties which are leased to tenants under operating leases with current expirations ranging from 2024 to 2055, with options to extend or terminate the lease. Revenues from such leases are reported as Rental income, net, and are comprised of (i) lease components, which includes fixed and variable lease payments and (ii) non-lease components which includes reimbursements of property level operating expenses. The Company does not separate non-lease components from the related lease components, as the timing and pattern of transfer are the same, and account for the combined component in accordance with ASC 842.

Fixed lease revenues represent the base rent that each tenant is required to pay in accordance with the terms of its respective lease, and any lease incentives paid or payable to the lessee, reported on a straight-line basis over the non-cancelable term of the lease. Variable lease revenues typically include payments based on (i) tenant reimbursements, (ii) changes in the index or market-based indices after the inception of the lease, (iii) percentage rents and (iv) the operating performance of the property. Variable lease revenues are not recognized until the specific events that trigger the variable payments have occurred.

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

	Year Ended December 31,		
	2023	2022	2021
Fixed lease revenues	\$ 75,935	\$ 74,101	\$ 70,387
Variable lease revenues	13,759	17,259 (a)	11,008
Lease revenues (b)	<u>\$ 89,694</u>	<u>\$ 91,360</u>	<u>\$ 81,395</u>

(a) Includes, for 2022, \$4,626 of additional rent accrued from a ground lease tenant – see Note 6.

(b) Excludes \$952, \$831 and \$785 of amortization related to lease intangible assets and liabilities for 2023, 2022 and 2021, respectively.

In many of the Company’s leases, the tenant is obligated to pay the real estate taxes, insurance, and certain other expenses directly to the vendor. These obligations, which have been assumed by the tenants, are not reflected in the Company’s consolidated financial statements. To the extent any such tenant defaults on its lease or if it is deemed probable that the tenant will fail to pay for such obligations, a liability for such obligations would be recorded.

On a quarterly basis, the Company assesses the collectability of substantially all lease payments due by reviewing the tenant’s payment history or financial condition. Changes to collectability are recognized as a current period adjustment to rental revenue. As of December 31, 2023, the Company has assessed the collectability of all recorded lease revenues as probable.

ONE LIBERTY PROPERTIES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 3 — LEASES (CONTINUED)

Minimum Future Rents

As of December 31, 2023, the minimum future contractual rents to be received on non-cancellable operating leases are included in the table below (amounts in thousands). The minimum future contractual rents do not include (i) straight-line rent or amortization of lease intangibles or incentives and (ii) variable lease payments as described above.

For the year ending December 31,	
2024	\$ 70,906
2025	65,473
2026	61,286
2027	51,983
2028	41,028
Thereafter	127,437
Total	<u>\$ 418,113</u>

Lease Incentives

At December 31, 2023 and 2022, the Company's unamortized lease incentives aggregating \$1,095,000 and \$1,300,000, respectively, are recorded in other assets and receivables on the consolidated balance sheets. During 2023 and 2022, the Company amortized \$121,000 and \$44,000, respectively, of such incentives as a reduction to rental income. During 2023, the Company wrote-off \$84,000 of a tenant's unamortized lease incentive balance as the related property was sold during such year, which reduced the gain on sale reported on the consolidated statement of income. The lease incentives will be amortized against rental income over the term of the leases during the next 10 years.

Unbilled Straight-Line Rent

At December 31, 2023 and 2022, the Company's unbilled rent receivables aggregating \$16,661,000 and \$16,079,000, respectively, represent rent reported on a straight-line basis in excess of rental payments required under the respective leases. The unbilled rent receivable is to be billed and received pursuant to the lease terms during the next 19 years.

During 2023, 2022 and 2021, the Company wrote-off \$1,048,000, \$519,000 and \$1,438,000, respectively, of unbilled straight-line rent receivable related to the properties sold during such years, which reduced the gain on sale reported on the consolidated statements of income.

At December 31, 2023 and 2022, the Company's unearned rental income aggregating \$579,000 and \$756,000, respectively, represent rent reported on a straight-line basis less than rental payments required under the respective leases. Such amounts are recorded in other liabilities on the consolidated balance sheets. The unearned rental income is to be recognized into revenue over the term of the leases during the next eight years.

During 2023, the Company wrote-off \$43,000 of a tenant's unearned rental income as the related property sold was sold during such year, which increased the gain on sale reported on the consolidated statement of income. No such amounts were written off during 2022 or 2021.

On a quarterly basis, the Company assesses the collectability of unbilled rent receivable balances by reviewing the tenant's payment history and financial condition. The Company has assessed the collectability of all unbilled rent receivable balances as probable as of December 31, 2023. During 2023, the Company wrote-off, as a reduction of rental income, net, \$133,000 of unbilled rent receivables due from Bed Bath & Beyond as the tenant filed for Chapter 11 bankruptcy protection and rejected its lease in April 2023.

ONE LIBERTY PROPERTIES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 3 — LEASES (CONTINUED)

Lessee Accounting

Ground Lease

The Company is a lessee under a ground lease in Greensboro, North Carolina, which is classified as an operating lease. The ground lease expires March 3, 2025 and provides for up to four, five-year renewal options and one seven-month renewal option. At December 31, 2023 and 2022, the Company recorded a liability of \$2,827,000 and \$6,366,000, respectively, for the obligation to make payments under the lease and an asset of \$2,246,000 and \$5,864,000, respectively, for the right to use the underlying asset during the lease term which are included in other liabilities and other assets, respectively, on the consolidated balance sheets. Lease payments associated with renewal option periods that the Company determined were reasonably certain to be exercised are included in the measurement of the lease liability and right of use asset. During 2023, as a result of an amendment to the operating lease at this property, the Company determined it was no longer reasonably certain that the second ground lease extension option would be exercised. As such, the Company reassessed the right of use asset and adjusted the lease liability to reflect the shortened lease term. As of December 31, 2023, the remaining lease term, including renewal options deemed exercised, is 6.2 years. The Company applied a discount rate of 6.91%, based on its incremental borrowing rate given the term of the lease, as the rate implicit in the lease is not known. During the years ended December 31, 2023, 2022 and 2021, the Company recognized \$544,000, \$599,000 and \$599,000, respectively, of lease expense related to this ground lease which is included in Real estate expenses on the consolidated statements of income.

Office Lease

The Company is a lessee under a corporate office lease in Great Neck, New York, which is classified as an operating lease. The lease expires on December 31, 2031 and provides a 5-year renewal option. At December 31, 2023 and 2022, the Company recorded a liability of \$536,000 and \$558,000, respectively, for the obligation to make payments under the lease and an asset of \$505,000 and \$535,000, respectively, for the right to use the underlying asset during the lease term which are included in other liability and other assets, respectively, on the consolidated balance sheets. Lease payments associated with the renewal option period, which was determined to be reasonably certain to be exercised, are included in the measurement of the lease liability and right of use asset. As of December 31, 2023, the remaining lease term, including the renewal option deemed exercised, is 13.0 years. The Company applied a discount rate of 3.81%, based on its incremental borrowing rate given the term of the lease, as the rate implicit in the lease is not known. During the years ended December 31, 2023, 2022 and 2021, the Company recognized \$56,000, \$56,000 and \$55,000, respectively, of lease expense related to this office lease which is included in General and administrative expenses on the consolidated statements of income.

Minimum Future Lease Payments

As of December 31, 2023, the minimum future lease payments related to the operating ground and office leases are as follows (amounts in thousands):

For the year ending December 31,		
2024	\$	557
2025		626
2026		627
2027		629
2028		630
Thereafter		1,229
Total undiscounted cash flows	\$	4,298
Present value discount		(935)
Lease liability	\$	<u>3,363</u>

ONE LIBERTY PROPERTIES, INC. AND SUBSIDIARIES
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NOTE 4 — REAL ESTATE INVESTMENTS

Acquisitions

The following table details the Company's real estate acquisitions during 2023 and 2022 (amounts in thousands). The Company determined that with respect to each of these acquisitions, the gross assets acquired are concentrated in a single identifiable asset. Therefore, these transactions do not meet the definition of a business and are accounted for as asset acquisitions. As such, direct transaction costs associated with these asset acquisitions have been capitalized to real estate assets and depreciated over their respective useful lives.

<u>Description of Industrial Property</u>	<u>Date Acquired</u>	<u>Contract Purchase Price</u>	<u>Terms of Payment</u>	<u>Capitalized Transaction Costs</u>
Multi-tenant				
Blythewood, South Carolina	July 13, 2023	\$ 13,400	Cash and \$4,280 mortgage (a)	\$ 109
Totals for 2023		<u>\$ 13,400</u>		<u>\$ 109</u>
Conditioned Air Company of Naples LLC				
Fort Myers, Florida	January 5, 2022	\$ 8,100	All cash (b)	\$ 66
Q.E.P. Co., Inc.				
Dalton, Georgia	May 12, 2022	17,000	All cash (b)	330
Multi-tenant				
Hillside, Illinois	May 16, 2022	5,770	All cash	112
Curaleaf, Inc.				
Lexington, Kentucky	June 17, 2022	8,430	Cash and \$5,480 mortgage (c)	80
Multi-tenant				
Northwood, Ohio	November 15, 2022	8,629	Cash and \$6,034 mortgage (d)	87
Multi-tenant				
Northwood, Ohio	November 15, 2022	8,561	Cash and \$6,034 mortgage (d)	86
Totals for 2022		<u>\$ 56,490</u>		<u>\$ 761</u>

- (a) Simultaneously with the acquisition of this property, the Company assumed a \$4,280 mortgage, bearing an interest rate of 4.60% and maturing in 2029.
- (b) Subsequent to the acquisitions of the Fort Myers, Florida and Dalton, Georgia properties, the Company obtained new mortgage debt of \$4,860 and \$10,000, bearing interest rates of 3.09% and 3.50% and maturing in 2031 and 2032, respectively.
- (c) Simultaneously with the acquisition of this property, the Company obtained new mortgage debt of \$5,480, bearing an interest rate of 3.85% and maturing in 2047.
- (d) Simultaneously with the acquisition of these properties, the Company assumed a \$6,034 mortgage encumbering both properties, bearing an interest rate of 3.57% and maturing in 2030.

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NOTE 4 — REAL ESTATE INVESTMENTS (CONTINUED)

The following table details the allocation of the purchase price and capitalized transaction costs for the Company's acquisition of real estate during 2023 and 2022 (amounts in thousands):

Description of Industrial Property	Land	Building & Improvements	Intangible Lease		Mortgage Intangible (c)	Total
			Asset (a)	Liability (b)		
Multi-tenant						
Blythewood, South Carolina	\$ 311	\$ 12,304	\$ 871	\$ (237)	\$ 260	\$ 13,509
Totals for 2023	\$ 311	\$ 12,304	\$ 871	\$ (237)	\$ 260	\$ 13,509
Conditioned Air Company of Naples LLC						
Fort Myers, Florida	\$ 991	\$ 6,876	\$ 568	\$ (269)	\$ —	\$ 8,166
Q.E.P. Co., Inc.						
Dalton, Georgia	547	15,836	1,223	(276)	—	17,330
Multi-tenant						
Hillside, Illinois	2,560	2,975	539	(192)	—	5,882
Curaleaf, Inc.						
Lexington, Kentucky	1,558	6,881	486	(415)	—	8,510
Multi-tenant						
Northwood, Ohio	181	8,306	747	(854)	336	8,716
Multi-tenant						
Northwood, Ohio	171	7,383	759	—	334	8,647
Totals for 2022	\$ 6,008	\$ 48,257	\$ 4,322	\$ (2,006)	\$ 670	\$ 57,251

- (a) With respect to the intangible lease assets, the weighted average amortization period for the 2023 and 2022 acquisitions is 1.1 years and 6.1 years, respectively.
- (b) With respect to the intangible lease liabilities, the weighted average amortization period for the 2023 and 2022 acquisitions is 1.1 years and 8.8 years, respectively.
- (c) With respect to the mortgage intangible assets, the weighted average amortization period for the 2023 and 2022 acquisitions is 5.4 years and 7.1 years, respectively.

The following table details the market capitalization and discount rates associated with the assessment of the fair value of the related lease and mortgage intangibles for the Company's acquisition of real estate:

Year Acquired	Description of Industrial Property	Market Cap Rate (a)	Discount Rate (a)	
			Lease Intangible	Mortgage Intangible
2023	Multi-tenant			
	Blythewood, South Carolina	6.75%	6.75%	6.00%
2022	Conditioned Air Company of Naples LLC			
	Fort Myers, Florida	5.50%	5.60%	—
2022	Q.E.P. Co., Inc.			
	Dalton, Georgia	5.00%	5.69%	—
2022	Multi-tenant			
	Hillside, Illinois	6.25%	6.63% (b)	—
2022	Curaleaf, Inc.			
	Lexington, Kentucky	5.25%	5.88%	—
2022	Multi-tenant			
	Northwood, Ohio	6.75%	5.60%	5.75%
2022	Multi-tenant			
	Northwood, Ohio	6.75%	5.60%	5.75%

- (a) The fair value of the tangible and intangible leases and mortgages were assessed as of the acquisition date using an income approach and estimated cash flow projections which utilize an appropriate market capitalization rate and discount rate which are categorized as Level 3 unobservable inputs in the fair value hierarchy (as defined in Note 2).
- (b) Represents the weighted average discount rate of the warehouse lease (*i.e.*, 5.77%) and the office lease (*i.e.*, 9.03%).

ONE LIBERTY PROPERTIES, INC. AND SUBSIDIARIES
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NOTE 4 — REAL ESTATE INVESTMENTS (CONTINUED)

The following table details the accumulated amortization of acquired intangibles during the periods indicated (amounts in thousands):

	December 31, 2023			December 31, 2022		
	Intangible			Intangible		
	Lease Assets	Mortgage Asset (a)	Lease Liabilities	Lease Assets	Mortgage Asset (a)	Lease Liabilities
Accumulated amortization	\$ 19,377	\$ 126	\$ 5,191	\$ 23,506	\$ 12	\$ 5,061

- (a) In connection with the assumption of below-market mortgages in 2022 and 2023 upon the acquisition of the Northwood, Ohio and Blythewood, South Carolina properties.

The following table details the amortization of acquired intangibles and the classification in the Company's consolidated statements of income for the periods indicated (amounts in thousands):

	Year Ended December 31,			Classification
	2023	2022	2021	
Intangible lease assets/liabilities	\$ 952	\$ 831	\$ 785	Rental income, net
Tenant origination costs	4,821	4,722	4,700	Depreciation and amortization
Intangible mortgage assets	114	12	—	Interest expense

As of December 31, 2023, the future amortization of the Company's acquired intangibles are as follows (amounts in thousands):

	Intangible Lease Assets (a)		Tenant Origination Costs (b)		Intangible Mortgage Assets (c)		Intangible Lease Liabilities (d)	
For the year ending December 31,								
2024	\$	154	\$	3,685	\$	137	\$	1,085
2025		128		2,672		137		723
2026		91		2,462		137		704
2027		31		1,785		137		756
2028		28		1,103		137		735
Thereafter		80		2,462		119		6,093
Total	\$	512	\$	14,169	\$	804	\$	10,096

- (a) The result of acquired above-market leases and will be deducted from rental income through 2032.
(b) The result of acquired in-place leases and will be charged to Depreciation and amortization expense through 2055.
(c) The result of acquired below-market mortgages and will be charged to interest expense through 2030.
(d) The result of acquired below-market leases and will be added to rental income through 2055.

Depreciation and Amortization

Depreciation of buildings is computed on the straight-line method over an estimated useful life of 40 years. Depreciation of building improvements is computed on the straight-line method over the estimated useful life of the improvements. If the Company determines it is the owner of tenant improvements, the amounts funded to construct the tenant improvements are treated as a capital asset and depreciated over the lesser of the remaining lease term or the estimated useful life of the improvements on the straight-line method. Leasehold interest and the related ground lease payments are amortized over the initial lease term of the leasehold position. During 2023, 2022 and 2021, the Company recorded depreciation expense (including amortization of a leasehold position, lease origination costs, and capitalized leasing commissions) of \$24,789,000, \$23,781,000 and \$22,832,000, respectively.

ONE LIBERTY PROPERTIES, INC. AND SUBSIDIARIES
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NOTE 5 — SALES OF PROPERTIES

The following table details the Company's sales of real estate during 2023, 2022 and 2021 (amounts in thousands):

Description of Property	City, State	Date Sold	Gross Sales Price	Gain on Sale of Real Estate, Net
TGI Fridays restaurant property	Hauppauge, New York	February 28, 2023	\$ 4,200	\$ 1,534
Havertys retail property	Duluth, Georgia	May 31, 2023	6,000	3,180
TGI Fridays restaurant property	Greensboro, North Carolina	September 20, 2023	3,250	332
Land (a)	Lakewood, Colorado	November 14, 2023	3,333 (a)	2,177 (a)
Chuck E Cheese restaurant property	Indianapolis, Indiana	November 15, 2023	2,200	226
TGI Fridays restaurant property	Richmond, Virginia	November 17, 2023	3,200	265
Applebee's restaurants (2 properties)	Cartersville & Carrollton, Georgia	December 5, 2023	7,300	2,581
Applebee's restaurant property	Lawrenceville, Georgia	December 7, 2023	2,903 (b)	989
Havertys retail property	Virginia Beach, Virginia	December 15, 2023	5,500	1,727
Barnes & Noble retail property	Fort Myers, Florida	December 21, 2023	7,300	3,997
Totals for 2023			\$ 45,186	\$ 17,008 (c)
Wendy's restaurants (4 properties)	Various cities, Pennsylvania	March 22, 2022	\$ 10,000	\$ 4,649
Orlando Baking industrial property	Columbus, Ohio	May 2, 2022	8,500	6,925
Havertys retail property	Fayetteville, Georgia	June 17, 2022	4,800 (d)	1,125
Vacant retail property	Columbus, Ohio	August 8, 2022	8,300	4,063
Totals for 2022			\$ 31,600	\$ 16,762 (e)
Whole Foods retail property & parking lot	West Hartford, Connecticut	June 17, 2021	\$ 40,510	\$ 21,469
Vacant retail property	Philadelphia, Pennsylvania	July 1, 2021	8,300	1,299 (f)
Wendy's restaurants - 2 properties	Hanover & Gettysburg, Pennsylvania	December 27, 2021	5,700	2,695
Totals for 2021			\$ 54,510 (g)	\$ 25,463 (h)

- (a) A consolidated joint venture, in which the Company holds a 90% interest, sold a land parcel which was part of a multi-tenant shopping center. In connection with the sale of this parcel, the joint venture paid down \$1,116 of the mortgage on this property. The non-controlling interest's share of the gain was \$218.
- (b) In connection with this sale, the Company provided seller-financing of \$1,816 which is included in other receivables on the consolidated balance sheet as of December 31, 2023. The loan receivable bears interest at 8.0% and matures on July 1, 2024, with a buyer's option to extend the maturity an additional six months.
- (c) As a result of these sales, the Company wrote-off, as a reduction to Gain on sale of real estate, net, an aggregate of \$1,005 of unbilled/unearned rent, \$982 of net unamortized intangible lease assets and liabilities and \$223 of other assets and receivables.
- (d) In connection with this sale, the Company paid off the \$1,563 mortgage on this property.
- (e) As a result of these sales, the Company wrote-off, as a reduction to Gain on sale of real estate, net, an aggregate of \$519 of unbilled rent receivables and \$4 of net unamortized intangible lease liabilities and assets.
- (f) This property was owned by a consolidated joint venture in which the Company held a 90% interest. The non-controlling interest's share of the gain was \$130.
- (g) In connection with these sales, the Company paid off mortgages in an aggregate of \$20,387 and incurred \$848 of prepayment costs on debt.
- (h) As a result of these sales, the Company wrote-off, as a reduction to Gain on sale of real estate, net, an aggregate of \$1,438 of unbilled rent receivables and \$967 of unamortized intangible lease assets.

ONE LIBERTY PROPERTIES, INC. AND SUBSIDIARIES
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NOTE 5 — SALES OF PROPERTIES (CONTINUED)

Sale subsequent to December 31, 2023

On January 19, 2024, the Company entered into a contract to sell a pad site at a multi-tenant shopping center in Lakewood, Colorado, which is owned by a consolidated joint venture in which the Company holds a 90% interest, for \$2,900,000. The buyer's right to terminate the contract expired February 23, 2024 and the sale is anticipated to close during the quarter ending March 31, 2024. The Company anticipates recognizing a gain on sale of real estate, net on its consolidated statement of income of approximately \$1,800,000 during the three months ending March 31, 2024, of which the non-controlling interest's share will be approximately \$180,000.

NOTE 6 — VARIABLE INTEREST ENTITIES, CONTINGENT LIABILITY AND CONSOLIDATED JOINT VENTURES

Variable Interest Entity—Ground Lease

The Company determined it has a variable interest through its ground lease at its Beachwood, Ohio property (The Vue Apartments) and the owner/operator is a VIE because its equity investment at risk is insufficient to finance its activities without additional subordinated financial support. The Company further determined that it is not the primary beneficiary of this VIE because the Company does not have power over the activities that most significantly impact the owner/operator's economic performance and therefore, does not consolidate this VIE for financial statement purposes. Accordingly, the Company accounts for this investment as land and the revenues from the ground lease as Rental income, net. The ground lease provides for rent which can be deferred and paid based on the operating performance of the property; therefore, this rent is recognized as rental income when the operating performance is achieved and the rent is received. No ground lease rental income has been collected since October 2020 other than the proceeds from the settlement of the Proceedings (as defined under "*Additional rent income – Ground Lease Tenant*").

As of December 31, 2023, the VIE's maximum exposure to loss was \$17,276,000 which represented the carrying amount of the land. In purchasing the property in 2016, the owner/operator obtained a \$67,444,000 mortgage from a third party which, together with the Company's purchase of the land, provided substantially all of the funds to acquire the multi-family property. The Company provided its land as collateral for the owner/operator's mortgage loan; accordingly, the land position is subordinated to the mortgage. The mortgage balance was \$63,569,000 as of December 31, 2023.

Pursuant to the ground lease, as amended in November 2020, the Company agreed, in its discretion, to fund 78% of (i) any operating expense shortfalls at the property and (ii) any capital expenditures required at the property. The Company funded \$932,000 and \$697,000 during the years ended December 31, 2023 and 2022, respectively. These amounts are included as part of the carrying amount of the land.

Additional rent income—Ground Lease Tenant

The Company's ground lease tenant was a plaintiff/claimant in various legal proceedings (the "Proceedings") against, among others, the developer of such apartment complex alleging, among other things, that the buildings' construction was flawed. The Proceedings were settled in the quarter ended December 31, 2022 and although the Company was not a party to the Proceedings, pursuant to the lease with the tenant, the Company received \$4,642,000 from the settlement. At December 31, 2022, \$4,626,000 of such sum was accrued as rental income, net on the consolidated statement of income and as other receivables on the consolidated balance sheet.

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NOTE 6 — VARIABLE INTEREST ENTITIES, CONTINGENT LIABILITY AND CONSOLIDATED JOINT VENTURES (CONTINUED)

Variable Interest Entities—Consolidated Joint Ventures

The Company has determined that the three consolidated joint ventures in which it holds between a 90% to 95% interest are VIEs because the non-controlling interests do not hold substantive kick-out or participating rights. The Company has determined it is the primary beneficiary of these VIEs as it has the power to direct the activities that most significantly impact each joint venture’s performance including management, approval of expenditures, and the obligation to absorb the losses or rights to receive benefits. Accordingly, the Company consolidates the operations of these VIEs for financial statement purposes. The VIEs’ creditors do not have recourse to the assets of the Company other than those held by the applicable joint venture.

The following is a summary of the consolidated VIEs’ carrying amounts and classification in the Company’s consolidated balance sheets, none of which are restricted (amounts in thousands):

	December 31,	
	2023 (a)	2022
Land	\$ 9,917	\$ 10,365
Buildings and improvements, net of accumulated depreciation of \$6,380 and \$5,670, respectively	17,475	17,870
Cash	1,059	1,163
Unbilled rent receivable	938	1,111
Unamortized intangible lease assets, net	412	472
Escrow, deposits and other assets and receivables	749	772
Mortgages payable, net of unamortized deferred financing costs of \$109 and \$152, respectively	16,660	18,500
Accrued expenses and other liabilities	745	711
Unamortized intangible lease liabilities, net	385	424
Accumulated other comprehensive income	2	22
<u>Non-controlling interests in consolidated joint ventures</u>	<u>1,042</u>	<u>972</u>

(a) A consolidated joint venture located in Lakewood, Colorado, in which the Company holds a 90% interest, sold a portion of land at this property in November 2023 and paid down the related mortgage by \$1,116 (see Note 5).

As of December 31, 2023 and 2022, MCB Real Estate, LLC and its affiliates (“MCB”) are the Company’s joint venture partner in two consolidated joint ventures in which the Company has aggregate equity investments of approximately \$4,448,000 and \$4,563,000, respectively.

Distributions to each joint venture partner are determined pursuant to the applicable operating agreement and, in the event of a sale of, or refinancing of the mortgage encumbering, the property owned by such venture, the distributions to the Company may be less than that implied by the Company’s equity ownership interest in the venture.

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NOTE 7 — INVESTMENT IN UNCONSOLIDATED JOINT VENTURES

In September 2023, an unconsolidated joint venture in which the Company had a 50% interest entered into a contract to sell this multi-tenant shopping center in Manahawkin, New Jersey for \$36,500,000. As a result, the joint venture recorded an impairment charge of \$1,699,000, of which the Company's 50% share was \$850,000 and was recorded in Equity in loss from unconsolidated joint ventures on the consolidated statement of income for the year ended December 31, 2023. On December 15, 2023, this property was sold for \$35,070,000, net of closing costs. The Company's 50% share of the loss from this sale was \$108,000, which is included in Equity in loss from sale of unconsolidated joint venture properties on the consolidated statement of income for the year ended December 31, 2023.

In July 2021, an unconsolidated joint venture in which the Company had a 50% interest sold a portion of its land in Savannah, Georgia for \$2,559,000, net of closing costs. The Company's 50% share of the gain from this sale was \$805,000, which is included in Equity in earnings from sale of unconsolidated joint venture properties on the consolidated statement of income for the year ended December 31, 2021. The unconsolidated joint venture retained approximately 2.2 acres of land at this property.

The Company's remaining two unconsolidated joint ventures each own and operate one property. As of December 31, 2023 and 2022, the Company's equity investment in unconsolidated joint ventures totaled \$2,051,000 and \$10,400,000, respectively. The Company recorded equity in loss of \$904,000 during 2023 and equity in earnings of \$400,000 and \$202,000 during 2022 and 2021, respectively.

NOTE 8 — DEBT OBLIGATIONS

Mortgages Payable

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

	December 31,	
	2023	2022
Mortgages payable, gross	\$ 422,565	\$ 409,175
Unamortized deferred financing costs	(3,414)	(3,355)
Unamortized mortgage intangible assets (a)	(804)	(658)
Mortgages payable, net	\$ 418,347	\$ 405,162

(a) In connection with the assumption of two below-market mortgages upon the acquisition of the Northwood, Ohio and Blythewood, South Carolina properties (see Note 4).

At December 31, 2023, there were 68 outstanding mortgages payable, all of which are secured by first liens on individual real estate investments with an aggregate gross carrying value of \$670,157,000 before accumulated depreciation of \$127,325,000. After giving effect to interest rate swap agreements (see Note 9), the mortgage payments bear interest at fixed rates ranging from 3.05% to 8.40% and mature between 2024 and 2047. The weighted average interest rate on all mortgage debt was 4.31% and 4.10% at December 31, 2023 and 2022, respectively.

Scheduled principal repayments during the years indicated are as follows (amounts in thousands):

Year Ending December 31,	2024	2025	2026	2027	2028	Thereafter	Total
Amortization payments	\$ 11,873	\$ 10,627	\$ 10,491	\$ 9,399	\$ 8,718	\$ 34,283	\$ 85,391
Principal due at maturity	49,906	30,850	19,179	38,524	30,155	168,560	337,174
Total	\$ 61,779	\$ 41,477	\$ 29,670	\$ 47,923	\$ 38,873	\$ 202,843	\$ 422,565

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NOTE 8 — DEBT OBLIGATIONS (CONTINUED)

Line of Credit

The Company's credit facility with Manufacturers and Traders Trust Company and VNB New York, LLC, provides that it may borrow up to \$100,000,000, subject to borrowing base requirements. The facility is available for the acquisition of commercial real estate, repayment of mortgage debt, and renovation and operating expense purposes; provided, that if used for renovation and operating expense purposes, the amount outstanding for such purposes will not exceed the lesser of \$40,000,000 and 40% of the borrowing base. Net proceeds received from the sale, financing or refinancing of properties are generally required to be used to repay amounts outstanding under the credit facility. The facility is guaranteed by subsidiaries of the Company that own unencumbered properties and the Company is required to pledge to the lenders the equity interests in such subsidiaries.

The facility, which matures December 31, 2026, provides for an interest rate equal to 30-day SOFR plus an applicable margin ranging from 175 basis points to 275 basis points depending on the ratio of the Company's total debt to total value, as determined pursuant to the facility. The applicable margin was 175 basis points at December 31, 2023 and 2022. An unused facility fee of .25% per annum applies to the facility. The weighted average interest rate on the facility was approximately 6.69%, 3.42% and 1.86% during 2023, 2022 and 2021, respectively.

The credit facility includes certain restrictions and covenants which may limit, among other things, the incurrence of liens, and which require compliance with financial ratios relating to, among other things, the minimum amount of tangible net worth, the minimum amount of debt service coverage, the minimum amount of fixed charge coverage, the maximum amount of debt to value, the minimum level of net income, certain investment limitations and the minimum value of unencumbered properties and the number of such properties. The Company was in compliance with all covenants at December 31, 2023.

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

	December 31,	
	2023	2022
Line of credit, gross	\$ —	\$ 21,800
Unamortized deferred financing costs	— (a)	(732)
Line of credit, net	\$ —	\$ 21,068

(a) In accordance with ASU 2015-15, the Company reclassified the \$549 balance of unamortized deferred financing costs to other assets and receivables on the consolidated balance sheet at December 31, 2023, as there was no balance outstanding on the Line of credit.

At each of December 31, 2023 and March 1, 2024, \$100,000,000 was available to be borrowed under the facility, including an aggregate of up to \$40,000,000 available for renovation and operating expense purposes.

Deferred Financing Costs

Mortgage and credit line costs are deferred and amortized on a straight-line basis over the terms of the respective debt obligations, which approximates the effective interest method. At December 31, 2023 and 2022, accumulated amortization of such costs was \$5,298,000 and \$4,791,000, respectively. The Company generally presents unamortized deferred financing costs as a direct deduction from the carrying amount of the associated debt liability.

ONE LIBERTY PROPERTIES, INC. AND SUBSIDIARIES
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NOTE 9—FAIR VALUE MEASUREMENTS

The carrying amounts of cash and cash equivalents, escrow, deposits and other assets and receivables (excluding interest rate swaps), dividends payable, and accrued expenses and other liabilities, are not measured at fair value on a recurring basis but are considered to be recorded at amounts that approximate fair value.

The fair value and carrying amounts of the Company’s mortgages payable are as follows (dollars in thousands):

	December 31,	
	2023	2022
Fair value of mortgages payable (a)	\$ 397,031	\$ 378,943
Carrying value of mortgages payable, gross	\$ 422,565	\$ 409,175
Fair value less than the carrying value	\$ (25,534)	\$ (30,232)
Blended market interest rate (a)	5.93 %	5.87 %
Weighted average interest rate	4.31 %	4.10 %
Weighted average remaining term to maturity (years)	5.9	6.5

(a) Estimated using unobservable inputs such as available market information and discounted cash flow analysis based on borrowing rates the Company believes it could obtain with similar terms and maturities. These fair value measurements fall within Level 3 of the fair value hierarchy.

At December 31, 2023 and 2022, the carrying amount of the Company’s line of credit (before unamortized deferred financing costs) of \$0 and \$21,800,000, respectively, approximates its fair value.

Considerable judgment is necessary to interpret market data and develop the estimated fair value. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts.

Fair Value on a Recurring Basis

As of December 31, 2023, the Company had in effect 13 interest rate derivatives, all of which were interest rate swaps, related to 13 outstanding mortgage loans with an aggregate \$29,650,000 notional amount maturing between 2024 and 2026 (weighted average remaining term to maturity of 1.2 years). These interest rate swaps, all of which were designated as cash flow hedges, converted SOFR based variable rate mortgages to fixed annual rate mortgages. The interest rates range from 3.22% to 4.55% with a weighted average interest rate of 3.88% at December 31, 2023.

Fair values are approximated using widely accepted valuation techniques including discounted cash flow analysis on the expected cash flows of the derivatives. This analysis reflects the contractual terms of the derivatives, including the period to maturity, and uses observable market-based inputs, including interest rate curves and implied volatilities. Although the Company has determined the majority of the inputs used to value its derivatives fall within Level 2 of the fair value hierarchy, the associated credit valuation adjustments use Level 3 inputs, such as estimates of current credit spreads, to evaluate the likelihood of default by the Company and its counterparty. As of December 31, 2023, the Company has assessed and determined the impact of the credit valuation adjustments on the overall valuation of its derivative positions is not significant. As a result, the Company determined its derivative valuation is classified in Level 2 of the fair value hierarchy. The Company does not currently own any financial instruments that are measured on a recurring basis and that are classified as Level 1 or 3.

ONE LIBERTY PROPERTIES, INC. AND SUBSIDIARIES
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NOTE 9 — FAIR VALUE MEASUREMENTS (CONTINUED)

The fair value of the Company’s derivative financial instruments was determined to be the following (amounts in thousands):

	As of December 31,	Carrying and Fair Value	Balance Sheet Classification
<i>Financial assets:</i> Interest rate swaps	2023	\$ 824	Other assets
	2022	1,811	Other assets

As of December 31, 2023 and 2022, there were no derivatives in a liability position.

The following table presents the effect of the Company’s derivative financial instruments on the consolidated statements of income for the years presented (amounts in thousands):

	Year Ended December 31,		
	2023	2022	2021
Amount of gain (loss) recognized on derivatives in other comprehensive income (loss)	\$ 328	\$ 3,028	\$ 1,179
Amount of reclassification from Accumulated other comprehensive income (loss) into Interest expense	1,295	(297)	(2,318)

During 2021, in connection with the sale of two properties and the early payoff of the related mortgages, the Company discontinued hedge accounting on the related interest rate swaps as the hedged forecasted transactions were no longer probable to occur. As such, the Company accelerated the reclassification of \$867,000 from Accumulated other comprehensive loss to interest expense which is included as part of Prepayment costs on debt in the consolidated statement of income for the year ended December 31, 2021.

During the twelve months ending December 31, 2024, the Company estimates an additional \$714,000 will be reclassified from Accumulated other comprehensive income as a decrease to Interest expense.

The derivative agreements in effect at December 31, 2023 provide that if the wholly owned subsidiary of the Company which is a party to such agreement defaults or is capable of being declared in default on any of its indebtedness, then a default can be declared on such subsidiary’s derivative obligation. In addition, the Company is a party to the derivative agreements and if there is a default by the subsidiary on the loan subject to the derivative agreement to which the Company is a party and if there are swap breakage losses on account of the derivative being terminated early, the Company could be held liable for such swap breakage losses.

NOTE 10 — RELATED PARTY TRANSACTIONS

Compensation and Services Agreement

Pursuant to the compensation and services agreement with Majestic Property Management Corp. (“Majestic”), Majestic provides the Company with certain (i) executive, administrative, legal, accounting, clerical, property management, property acquisition, consulting (*i.e.*, sale, leasing, brokerage, and mortgage financing), and construction supervisory services (collectively, the “Services”) and (ii) facilities and other resources. Majestic is wholly owned by the Company’s vice chairman and it provides compensation to several of the Company’s executive officers.

ONE LIBERTY PROPERTIES, INC. AND SUBSIDIARIES
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NOTE 10 — RELATED PARTY TRANSACTIONS (CONTINUED)

During 2023, 2022, and 2021, in consideration for the Services, the Company paid Majestic \$3,317,000, \$3,067,000 and \$3,111,000, respectively. Included in these fees are \$1,510,000 in 2023, \$1,346,000 in 2022 and \$1,365,000 in 2021 of property management services. The amounts paid for property management services are based on 1.5% and 2.0% of the rental payments (including tenant reimbursements) actually received by the Company from net lease tenants and operating lease tenants, respectively. The Company does not pay Majestic with respect to properties managed by third parties. During 2023, 2022 and 2021, the Company also paid Majestic, pursuant to the compensation and services agreement, \$317,000, \$317,000 and \$295,000, respectively, for the Company's share of all direct office expenses, including rent, telephone, postage, computer services, internet usage and supplies.

Executive officers and all others providing services to the Company under the compensation and services agreement were awarded shares of restricted stock and restricted stock units ("RSUs") under the Company's stock incentive plans. During 2023, 2022 and 2021, the related expense charged to the Company's operations was \$2,499,000, \$2,572,000 and \$2,590,000, respectively.

The amounts paid under the compensation and services agreement (except for the property management services which are included in Real estate expenses) and the costs of the stock incentive plans are included in General and administrative expense on the consolidated statements of income.

Joint Venture Partners and Affiliates

During 2023, 2022 and 2021, the Company paid an aggregate of \$90,000, \$84,000 and \$83,000, respectively, to its consolidated joint venture partner or their affiliates (none of whom are officers, directors, or employees of the Company) for property management services, which are included in Real estate expenses on the consolidated statements of income.

During 2023, 2022 and 2021, the Company's unconsolidated joint ventures paid management fees of \$115,000, \$131,000 and \$118,000, respectively, to the other partner of the ventures, which increased Equity in loss on the consolidated statement of income by \$57,000 during 2023 and reduced Equity in earnings on the consolidated statements of income by \$66,000 and \$59,000 during 2022 and 2021, respectively.

Other

During 2023, 2022 and 2021, the Company paid fees of (i) \$313,000, \$313,000 and \$298,000, respectively, to the Company's chairman and (ii) \$125,000, \$125,000 and \$119,000, respectively, to the Company's vice chairman. These fees are included in General and administrative expense on the consolidated statements of income.

At December 31, 2023 and 2022, Gould Investors L.P. ("Gould Investors"), a related party, owned 2,180,931 and 1,998,535 shares of the outstanding common stock of the Company, respectively, or approximately 10.4% and 9.5%, respectively.

The Company obtains its property insurance in conjunction with Gould Investors and reimburses Gould Investors annually for the Company's insurance cost relating to its properties. Amounts reimbursed to Gould Investors were \$1,093,000, \$586,000 and \$1,402,000 during 2023, 2022 and 2021, respectively. Included in Real estate expenses on the consolidated statements of income is insurance expense of \$893,000, \$944,000 and \$1,267,000 during 2023, 2022 and 2021, respectively. The balance of the amounts reimbursed to Gould Investors represents prepaid insurance and is included in other assets on the consolidated balance sheets.

ONE LIBERTY PROPERTIES, INC. AND SUBSIDIARIES
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NOTE 11 — STOCKHOLDERS' EQUITY

Common Stock Dividend

In each of 2023, 2022 and 2021, the Board of Directors declared an aggregate \$1.80 per share in cash distributions.

On March 4, 2024, the Board of Directors declared a quarterly cash dividend of \$0.45 per share on the Company's common stock, totaling approximately \$9,500,000. The quarterly dividend is payable on April 4, 2024 to stockholders of record on March 27, 2024.

Stock Repurchase Program

During 2022 and 2023, the Board of Directors authorized and/or amended repurchase programs pursuant to which the Company could repurchase shares of its common stock in open-market, through privately negotiated transactions or otherwise. During 2023 and 2022, the Company repurchased approximately 499,000 and 208,000 shares of common stock, for total consideration of \$9,638,000 and \$5,214,000, net of commissions of \$30,000 and \$12,000, respectively. As of December 31, 2023, the Company is authorized to repurchase approximately \$8,082,000 of shares of common stock.

No shares were repurchased by the Company during 2021.

Shares Issued through the At-the-Market Equity Offering Program

The Company did not sell any shares during 2023.

During 2022, the Company sold approximately 17,000 shares for proceeds of \$604,000, net of commissions of \$12,000, and incurred offering costs of \$41,000 for professional fees. During 2021, the Company sold 106,290 shares for proceeds of \$3,379,000, net of commissions of \$69,000, and incurred offering costs of \$65,000 for professional fees.

Dividend Reinvestment Plan

The Company's Dividend Reinvestment Plan (the "DRP"), among other things, provides stockholders with the opportunity to reinvest all or a portion of their cash dividends paid on the Company's common stock in additional shares of its common stock, at a discount, determined in the Company's sole discretion, of up to 5% from the market price (as such price is calculated pursuant to the DRP). The discount is currently being offered at 3%. Under the DRP, the Company issued approximately 233,000, 102,000 and 35,000 shares of common stock during 2023, 2022 and 2021, respectively.

Stock Based Compensation

The Company's 2022, 2019 and 2016 Incentive Plans (collectively, the "Plans") permit the Company to grant, among other things, stock options, restricted stock, RSUs, performance share awards and dividend equivalent rights and any one or more of the foregoing to its employees, officers, directors and consultants. A maximum of 750,000 shares of the Company's common stock was authorized for issuance pursuant to each plan at such plan's inception.

ONE LIBERTY PROPERTIES, INC. AND SUBSIDIARIES
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NOTE 11 — STOCKHOLDERS' EQUITY (CONTINUED)

The following details the shares subject to awards that are outstanding under the Plans as of December 31, 2023:

	2022	2019	2016
	<u>Incentive Plan (a)</u>	<u>Incentive Plan (b)</u>	<u>Incentive Plan (b)</u>
Restricted stock	149,335	426,625	136,600
RSUs	168,490	79,622	—
Totals	317,825	506,247	136,600

(a) On January 12, 2024, 151,180 restricted shares were issued pursuant to this plan, having an aggregate value of approximately \$3,265,000 and are scheduled to vest in January 2029.

(b) No additional awards may be granted under such plans.

For accounting purposes, the restricted stock is not included in the shares shown as outstanding on the balance sheet until they vest; however, dividends are paid on the unvested shares. The restricted stock grants are charged to General and administrative expense over the respective vesting periods based on the market value of the common stock on the grant date. Unless earlier forfeited because the participant's relationship with the Company terminated, unvested restricted stock awards vest five years from the grant date, and under certain circumstances may vest earlier.

The following table reflects the activities involving RSUs that were outstanding during the year ended December 31, 2023:

	2023	2022	2021	2020	2019
RSUs granted (a)	85,250	85,350	80,700	75,026	77,776
RSUs vested	—	—	—	74,988 (b)	64,488 (c)
RSUs forfeited	—	2,110 (d)	1,078 (d)	38 (d)	13,288 (e)
RSUs outstanding	85,250	83,240	79,622	—	—
Vesting Date (f) (g)	6/30/2026	6/30/2025	6/30/2024	6/30/2023	6/30/2022

(a) The shares underlying the RSUs are excluded from the shares shown as outstanding on the balance sheet until they have vested and been issued.

(b) Such shares were issued in August 2023.

(c) Such shares were issued in August 2022.

(d) Such shares were forfeited due to the retirement of a recipient before the completion of the applicable three-year performance cycle.

(e) Of the shares forfeited from the 2019 grant, 10,538 shares were not earned in 2022 because the applicable market condition was only partially satisfied and the remaining 2,750 shares were forfeited in 2019.

(f) Generally, the recipient must maintain a relationship with the Company during the applicable three-year performance cycle.

(g) RSUs vest upon satisfaction of metrics related to average annual total stockholder return ("TSR Metric") and average annual return on capital ("ROC Metric"; together with the TSR Metric, the "Metrics") and are issued to the extent the Compensation Committee determines that the Metrics with respect to the vesting of such shares have been satisfied.

ONE LIBERTY PROPERTIES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 11 — STOCKHOLDERS' EQUITY (CONTINUED)

The specific metrics and other material terms and conditions of the RSUs are as follows:

Year RSU Granted	Metric	Weight	Performance Criteria (a)	
			Minimum	Maximum
2019 - 2020 (b)	ROC Metric (c)	50%	Average annual of at least 7.0%	Average annual of at least 9.75%
	TSR Metric (d)	50%	Average annual of at least 7.0%	Average annual of at least 12.0%
2021 - 2023 (e) (f)	ROC Metric (c)	50%	Average annual of at least 6.0%	Average annual of at least 8.75%
	TSR Metric (d)	50%	Average annual of at least 6.0%	Average annual of at least 11.0%

- (a) If the average annual ROC or TSR falls between the applicable minimum and maximum performance criteria, a pro-rata portion of such units, as applicable, vest.
- (b) Such RSUs were not entitled to voting or dividend rights.
- (c) The ROC Metrics meet the definition of a performance condition. Fair value is based on the market value on the date of grant. For ROC Awards, the Company does not recognize expense when performance conditions are not expected to be met; such performance assumptions are re-evaluated quarterly.
- (d) The TSR Metrics meet the definition of a market condition. A third-party appraiser prepares a Monte Carlo simulation pricing model to determine the fair value of such awards, which is recognized ratably over the three-year service period. For these TSR awards, the per unit or share fair value was estimated using the following assumptions:

TSR Award Year	Expected Life (yrs)	Dividend Rate	Risk-Free Interest Rate	Expected Price Volatility (1)
2023	3	8.72%	4.42% - 5.28%	28.69% - 30.05%
2022	3	7.10%	1.58% - 3.33%	29.37% - 39.87%
2021	3	5.91%	0.03% - 0.35%	26.74% - 41.53%

- (1) Calculated based on the historical and implied volatility.
- (e) Such RSUs are (i) not entitled to voting rights and (ii) upon vesting, the holders receive an amount equal to the dividends that would have been paid on the underlying shares had such shares been outstanding during the three-year performance cycle.
- (f) As of December 31, 2023 and 2022, the Company accrued an aggregate of \$450,000 and \$210,000 of dividend equivalents, respectively, for the 2023, 2022 and 2021 RSUs based on the number of shares that would have been issued, underlying such RSUs, using performance and market assumptions determined as of such dates.

As of December 31, 2023, based on performance and market assumptions, the fair value of the RSUs granted in 2023, 2022 and 2021 is \$958,000, \$1,371,000 and \$1,822,000, respectively. Recognition of such deferred compensation will be charged to General and administrative expense over the respective three-year performance cycle.

ONE LIBERTY PROPERTIES, INC. AND SUBSIDIARIES
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NOTE 11 — STOCKHOLDERS' EQUITY (CONTINUED)

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

	Year Ended December 31,		
	2023	2022	2021
<i><u>Restricted stock grants:</u></i>			
Number of shares	152,955	153,575	151,500
Average per share grant price	\$ 22.09	\$ 33.75	\$ 20.34
Deferred compensation to be recognized over vesting period	\$ 3,379,000	\$ 5,183,000	\$ 3,082,000
Number of non-vested shares:			
Non-vested beginning of the year	712,375	706,450	701,675
Grants	152,955	153,575	151,500
Vested during the year	(152,300)	(146,900)	(145,725)
Forfeitures	(470)	(750)	(1,000)
Non-vested end of the year	<u>712,560</u>	<u>712,375</u>	<u>706,450</u>
<i><u>RSU grants:</u></i>			
Number of underlying shares	85,250	85,350	80,700
Average per share grant price	\$ 20.32	\$ 26.44	\$ 30.46
Deferred compensation to be recognized over vesting period	\$ 958,000	\$ 1,420,000	\$ 1,808,000
Number of non-vested shares:			
Non-vested beginning of the year	241,076	230,752	223,802
Grants	85,250	85,350	80,700
Vested during the year	(74,988)	(64,488)	(73,750)
Forfeitures	(3,226)	(10,538)	—
Non-vested end of the year	<u>248,112</u>	<u>241,076</u>	<u>230,752</u>
<i><u>Restricted stock and RSU grants (based on grant price):</u></i>			
Weighted average per share value of non-vested shares	\$ 25.90	\$ 26.26	\$ 25.04
Value of stock vested during the year	<u>\$ 5,165,000</u>	<u>\$ 5,535,000</u>	<u>\$ 5,165,000</u>
Weighted average per share value of shares forfeited during the year	<u>\$ 27.52</u>	<u>\$ 29.12</u>	<u>\$ 24.62</u>
<i><u>Total charge to operations:</u></i>			
Outstanding restricted stock grants	\$ 3,979,000	\$ 4,057,000	\$ 3,734,000
Outstanding RSUs	<u>1,388,000</u>	<u>1,450,000</u>	<u>1,699,000</u>
Total charge to operations	<u>\$ 5,367,000</u>	<u>\$ 5,507,000</u>	<u>\$ 5,433,000</u>

As of December 31, 2023, total compensation costs of \$7,627,000 and \$1,797,000 related to non-vested restricted stock awards and RSUs, respectively, have not yet been recognized. These compensation costs will be charged to General and administrative expense over the remaining respective vesting periods. The weighted average vesting period is 2.1 years for the restricted stock and 1.5 years for the RSUs.

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NOTE 12 — EARNINGS PER COMMON SHARE

Basic earnings per share was determined by dividing net income allocable to common stockholders for each year by the weighted average number of shares of common stock outstanding during the applicable year. Net income is also allocated to the unvested restricted stock outstanding during each year, as the restricted stock is entitled to receive dividends and is therefore considered a participating security. As of December 31, 2023, the shares of common stock underlying the RSUs (see Note 11) are excluded from the basic earnings per share calculation, as these units are not participating securities until they vest and are issued.

Diluted earnings per share reflects the potential dilution that could occur if securities or other rights exercisable for, or convertible into, common stock were exercised or converted or otherwise resulted in the issuance of common stock that shared in the earnings of the Company.

The following table provides a reconciliation of the numerator and denominator of earnings per share calculations (amounts in thousands, except per share amounts):

	Year Ended December 31,		
	2023	2022	2021
Numerator for basic and diluted earnings per share:			
Net income	\$ 29,918	\$ 42,253	\$ 39,034
Deduct net income attributable to non-controlling interests	(304)	(76)	(177)
Deduct earnings allocated to unvested restricted stock (a)	(1,291)	(1,434)	(1,326)
Net income available for common stockholders: basic and diluted	<u>\$ 28,323</u>	<u>\$ 40,743</u>	<u>\$ 37,531</u>
Denominator for basic earnings per share:			
Weighted average number of common shares outstanding	20,499	20,360	20,086
Effect of dilutive securities: RSUs	57	93	178
Denominator for diluted earnings per share:			
Weighted average number of shares	<u>20,556</u>	<u>20,453</u>	<u>20,264</u>
Earnings per common share, basic	<u>\$ 1.38</u>	<u>\$ 2.00</u>	<u>\$ 1.87</u>
Earnings per common share, diluted	<u>\$ 1.38</u>	<u>\$ 1.99</u>	<u>\$ 1.85</u>

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

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NOTE 12 — EARNINGS PER COMMON SHARE (CONTINUED)

The following table identifies the number of shares of common stock underlying the RSUs that are included in the calculation, on a diluted basis, of the weighted average number of shares of common stock for such years:

Year Ended December 31, 2023:

Date of Award	Total Number of Underlying Shares	Shares Included Based on (a)			Shares Excluded (b)
		Return on Capital Metric	Stockholder Return Metric	Total	
July 1, 2023 (c)	85,250	23,237	42,625	65,862	19,388
July 1, 2022 (c)(d)	83,240	35,050	—	35,050	48,190
August 3, 2021 (c)(d)	79,622	39,811	—	39,811	39,811
Totals	248,112	98,098	42,625	140,723	107,389

Year Ended December 31, 2022:

Date of Award	Total Number of Underlying Shares	Shares Included Based on (a)			Shares Excluded (b)
		Return on Capital Metric	Stockholder Return Metric	Total	
July 1, 2022 (c)	85,350	40,222	—	40,222	45,128
August 3, 2021 (c)	80,700	40,350	—	40,350	40,350
August 3, 2020 (e)	75,026	37,513	37,513	75,026	—
Totals	241,076	118,085	37,513	155,598	85,478

Year Ended December 31, 2021:

Date of Award	Total Number of Underlying Shares	Shares Included Based on (a)			Shares Excluded (b)
		Return on Capital Metric	Stockholder Return Metric	Total	
August 3, 2021 (c)	80,700	40,350	40,350	80,700	—
August 3, 2020 (e)	75,026	37,513	37,513	75,026	—
July 1, 2019 (f)	75,026	37,513	37,513	75,026	—
Totals	230,752	115,376	115,376	230,752	—

- (a) Reflects the number of shares underlying RSUs that would be issued assuming the measurement date used to determine whether the applicable conditions are satisfied is December 31 of the applicable year.
- (b) Excluded as the applicable conditions had not been met for these shares at the applicable measurement dates.
- (c) The RSUs awarded in 2023, 2022 and 2021 vest, subject to satisfaction of the applicable market and/or performance conditions, as of June 30, 2026, 2025 and 2024, respectively (see Note 11).
- (d) As of December 31, 2023, 1,078 shares of the 2021 award and 2,110 shares of the 2022 award were forfeited due to the retirement of a recipient before the completion of the applicable three-year performance cycle.
- (e) With respect to the RSUs awarded August 3, 2020, 74,988 shares were deemed to have vested and the balance of 38 shares were forfeited in June 2023. The vested shares were issued in August 2023 (see Note 11).
- (f) With respect to the RSUs awarded July 1, 2019, 64,488 shares were deemed to have vested and the balance of 10,538 shares were forfeited in June 2022. The vested shares were issued in August 2022 (see Note 11).

There were no options outstanding to purchase shares of common stock or other rights exercisable for, or convertible into, common stock in 2023, 2022 and 2021.

ONE LIBERTY PROPERTIES, INC. AND SUBSIDIARIES
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NOTE 13 — OTHER INCOME

Settlement of Litigation

During 2022, the Company received \$5,388,000 in connection with the settlement of a lawsuit which was recognized as Income on settlement of litigation on the consolidated statement of income for such year.

Insurance Recoveries on Hurricane Casualty

During 2022 and 2021, the Company recognized a gain on insurance recoveries of \$918,000 and \$695,000, respectively, which is included in Other income on the consolidated statements of income for such years, related to hurricane damage to one of its properties in 2020. No such gain was recognized during 2023.

Lease Assignment Fee Income

During 2021, the Company received \$100,000 from a tenant in connection with consenting to a lease assignment related to six of its properties; such amount is included in Other income on the consolidated statement of income for such year. No such income was recognized during 2023 and 2022.

NOTE 14 — COMMITMENTS AND CONTINGENCIES

The Company maintains a non-contributory defined contribution pension plan covering eligible employees. Contributions by the Company are made through a money purchase plan, based upon a percent of the qualified employees' total salary (subject to the maximum amount allowed by law). Pension expense approximated \$436,000, \$349,000 and \$301,000 for 2023, 2022 and 2021, respectively, and is included in General and administrative expense on the consolidated statements of income.

The Company is party to (i) leases obligating it to provide tenant improvement allowances and (ii) various legal proceedings. Management believes these allowances and proceedings are routine, incidental to the operation of the Company's business and that such allowance payments or proceedings will not have a material adverse effect upon the Company's consolidated financial statements taken as a whole.

ONE LIBERTY PROPERTIES, INC. AND SUBSIDIARIES
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NOTE 15 — INCOME TAXES

The Company elected to be taxed as a REIT under the Internal Revenue Code, commencing with its taxable year ended December 31, 1983. To qualify as a REIT, the Company must meet a number of organizational and operational requirements, including a requirement that it currently distribute at least 90% of its ordinary taxable income to its stockholders. As a REIT, the Company generally will not be subject to corporate level federal, state and local income tax on taxable income it distributes currently to its stockholders. If the Company fails to qualify as a REIT in any taxable year, it will be subject to federal, state and local income taxes at regular corporate rates (including any applicable alternative minimum tax) and may not be able to qualify as a REIT for four subsequent taxable years. It is management's current intention to maintain the Company's REIT status.

Even though the Company qualifies for taxation as a REIT, the Company is subject to certain state and local taxes on its income and property, and to federal income and excise taxes on its undistributed taxable income. As of December 31, 2023, tax returns for the calendar years 2020 through 2022 remain subject to examination by the Internal Revenue Service and various state and local tax jurisdictions.

During 2023, 2022 and 2021, the Company did not incur any federal income tax expense. The Company does not have any deferred tax assets or liabilities at December 31, 2023 and 2022.

The approximate allocation of the distributions made to stockholders is as follows for the years indicated:

	Year Ended December 31,		
	2023	2022	2021
Ordinary income (a)	53 %	54 %	43 %
Capital gains	47	46	57
	<u>100 %</u>	<u>100 %</u>	<u>100 %</u>

(a) In 2023, 2022 and 2021, the ordinary income portion of the distributions are considered qualified REIT dividends and will be taxed at a rate reduced by up to 20% pursuant to Internal Revenue Code Section 199A.

The Company treats depreciation expense, straight-line rent adjustments and certain other items differently for tax purposes than for financial reporting purposes. Therefore, its taxable income and dividends paid deduction differs from its financial statement income.

The following table reconciles dividends declared with the dividends paid deduction for the years indicated (amounts in thousands):

	2023	2022	2021
	Estimate	Actual	Actual
Dividends declared	\$ 38,116	\$ 37,915	\$ 37,478
Dividend reinvestment plan (a)	157	102	35
	<u>38,273</u>	<u>38,017</u>	<u>37,513</u>
Less: Spillover dividends designated to previous year	(4,240)	—	—
Less: Spillover dividends designated to following year	—	—	(2,085)
Plus: Dividends designated from prior year	—	2,085	9,261
Plus: Dividends designated from following year	737	4,240	—
Dividends paid deduction	<u>\$ 34,770</u>	<u>\$ 44,342</u>	<u>\$ 44,689</u>

(a) Reflects the discount on common stock purchased through the dividend reinvestment plan of 3%.

ONE LIBERTY PROPERTIES, INC. AND SUBSIDIARIES
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NOTE 16 — SUBSEQUENT EVENTS

Subsequent events have been evaluated and, except as previously disclosed, there were no other events relative to the consolidated financial statements that require additional disclosure.

NOTE 17 — QUARTERLY FINANCIAL DATA (Unaudited):

(In Thousands, Except Per Share Data)

2023	Quarter Ended				Total For Year
	March 31	June 30	Sept. 30	Dec. 31	
Total revenues	\$ 22,952	\$ 22,407	\$ 22,546	\$ 22,741	\$ 90,646
Gain on sale of real estate, net	\$ 1,534	\$ 3,180	\$ 332	\$ 11,962	\$ 17,008
Net income	\$ 5,408	\$ 6,539	\$ 2,769	\$ 15,202	\$ 29,918
Net income attributable to One Liberty Properties, Inc.	\$ 5,386	\$ 6,519	\$ 2,747	\$ 14,962	\$ 29,614
Weighted average number of common shares outstanding:					
Basic	20,514	20,571	20,567	20,342	20,499
Diluted	20,579	20,642	20,596	20,383	20,556
Net income per common share attributable to common stockholders:					
Basic and Diluted	\$.25	\$.30	\$.12	\$.71	\$ 1.38 (a)

2022	Quarter Ended				Total For Year
	March 31	June 30	Sept. 30	Dec. 31	
Total revenues (b)	\$ 21,556	\$ 21,472	\$ 21,473	\$ 27,715	\$ 92,216
Gain on sale of real estate, net	\$ 4,649	\$ 8,050	\$ 4,063	\$ —	\$ 16,762
Net income (c)	\$ 9,340	\$ 16,785	\$ 7,221	\$ 8,907	\$ 42,253
Net income attributable to One Liberty Properties, Inc. (c)	\$ 9,323	\$ 16,767	\$ 7,204	\$ 8,883	\$ 42,177
Weighted average number of common shares outstanding:					
Basic	20,379	20,364	20,340	20,358	20,360
Diluted	20,541	20,480	20,416	20,406	20,453
Net income per common share attributable to common stockholders:					
Basic	\$.44	\$.80	\$.34	\$.42	\$ 2.00 (a)
Diluted	\$.44	\$.79	\$.34	\$.42	\$ 1.99 (a)

(a) Calculated on weighted average shares outstanding for the year.

(b) Includes \$4,626 of additional rent from a ground lease tenant recognized in the quarter ended December 31, 2022 – see Note 6.

(c) Includes \$5,388 of income from the settlement of a lawsuit received in the quarter ended June 30, 2022 – see Note 13.

ONE LIBERTY PROPERTIES, INC. AND SUBSIDIARIES
Schedule III—Consolidated Real Estate and Accumulated Depreciation

December 31, 2023

(Amounts in Thousands)

Type	Location	Encumbrances		Initial Cost to Company		Capitalized Subsequent to Acquisition		Gross Amount at Which Carried at December 31, 2023			Accumulated Depreciation (1)	Date of Construction	Date Acquired	
		\$	Land	Improvements	\$	Land	Improvements	\$	Land	Improvements				Total
Health & Fitness	Tucker, GA	—	807	3,027	3,420	807	6,447	7,254	3,461	1988	2002			
Health & Fitness	Hamilton, OH	3,969	1,483	5,953	10	1,483	5,963	7,446	2,128	2008	2011			
Health & Fitness	Secaucus, NJ	7,058	5,449	9,873	—	5,449	9,873	15,322	2,744	1986	2012			
Industrial	West Palm Beach, FL	—	181	724	235	181	959	1,140	551	1973	1998			
Industrial	New Hyde Park, NY	2,103	182	728	281	182	1,009	1,191	574	1960	1999			
Industrial	Ronkonkoma, NY	5,004	1,042	4,171	2,943	1,042	7,114	8,156	3,625	1986	2000			
Industrial	Hempstead, NY	21,984	1,951	10,954	9,600	1,951	20,554	22,505	9,279	1982	2000			
Industrial	Melville, NY	2,195	774	3,029	1,170	774	4,199	4,973	2,037	1982	2003			
Industrial	Saco, ME	4,865	1,027	3,623	2,050	1,027	5,673	6,700	1,914	2001	2006			
Industrial	Baltimore, MD	16,995	6,474	25,282	—	6,474	25,282	31,756	10,772	1960	2006			
Industrial	Durham, NC	4,250	1,043	2,404	44	1,043	2,448	3,491	877	1991	2011			
Industrial	Pinecliff Park, FL	1,957	1,231	1,669	614	1,231	2,283	3,514	555	1995	2012			
Industrial	Miamisburg, OH	—	165	1,348	90	165	1,438	1,603	489	1987	2012			
Industrial	Fort Mill, SC	18,548	1,840	12,687	557	1,840	13,244	15,084	3,593	1992	2013			
Industrial	Indianapolis, IN	8,741	1,224	6,935	—	1,224	6,935	8,159	2,155	1997	2013			
Industrial	Fort Mill, SC	20,197	1,804	33,650	—	1,804	33,650	35,454	10,154	1997	2013			
Industrial	New Hope, MN	3,658	881	6,064	234	881	6,298	7,179	1,480	1967	2014			
Industrial	Louisville, KY	—	578	3,727	570	578	4,297	4,875	877	1974	2015			
Industrial	Louisville, KY	—	51	230	—	51	230	281	53	1974	2015			
Industrial	McCalla, AL	12,665	1,588	14,682	—	1,588	14,682	16,270	3,167	2003	2015			
Industrial	St. Louis, MO	9,580	3,728	13,006	779	3,728	13,785	17,513	3,140	1969	2015			
Industrial	Greenville, SC	4,206	693	6,893	1,101	693	7,994	8,687	1,558	1997	2016			
Industrial	Greenville, SC	4,674	528	8,074	938	528	9,012	9,540	1,732	2000	2016			
Industrial	El Paso, TX	23,000	3,691	17,904	2,429	3,691	20,333	24,024	3,871	1997	2016			
Industrial	Lebanon, TN	19,504	2,094	30,039	214	2,094	30,253	32,347	5,676	1996	2016			
Industrial	Huntersville, NC	4,251	1,046	6,674	—	1,046	6,674	7,720	1,167	2014	2017			
Industrial	Pittston, PA	14,350	999	9,922	1,609	999	11,531	12,530	1,891	1990	2017			
Industrial	Ankeny, IA	7,251	1,351	11,607	—	1,351	11,607	12,958	1,949	2016	2017			
Industrial	Memphis, TN	4,457	140	7,952	—	140	7,952	8,092	1,286	1979	2017			
Industrial	Pennsburg, PA	7,182	1,776	11,126	—	1,776	11,126	12,902	1,786	1986	2018			
Industrial	Plymouth, MN	2,904	1,121	4,429	—	1,121	4,429	5,550	642	1978	2018			
Industrial	Englewood, CO	7,412	1,562	11,300	—	1,562	11,300	12,862	1,531	2013	2018			
Industrial	Moorestown, NJ	3,507	1,822	5,056	—	1,822	5,056	6,878	681	1990	2018			
Industrial	Moorestown, NJ	7,844	1,443	10,898	52	1,443	10,950	12,393	1,497	1972	2018			
Industrial	Bakersfield, CA	—	1,988	9,998	—	1,988	9,998	11,986	1,323	1980	2018			
Industrial	Green Park, MO	5,666	1,421	7,835	—	1,421	7,835	9,256	1,016	2008	2018			
Industrial	Greenville, SC	4,800	186	6,419	210	186	6,629	6,815	889	2008	2018			
Industrial	Nashville, TN	4,611	1,058	6,350	255	1,058	6,605	7,663	767	1974	2019			
Industrial	Wauconda, IL	—	67	3,423	41	67	3,464	3,531	439	1998	2019			
Industrial	Bensalem, PA	3,649	1,602	4,323	150	1,602	4,473	6,075	516	1975	2019			
Industrial	Chandler, AZ	4,648	1,335	7,379	102	1,335	7,481	8,816	897	2004	2019			
Industrial	LaGrange, GA	2,862	297	4,500	—	297	4,500	4,797	521	2013	2019			
Industrial	Shakopee, MN	4,469	1,877	5,462	10	1,877	5,472	7,349	624	1998	2019			

Type	Location	Initial Cost to Company			Capitalized Subsequent to Acquisition			Gross Amount at Which Carried at December 31, 2023			Accumulated Depreciation (1)	Date of Construction	Date Acquired
		Encumbrances	Building and Improvements		Improvements	Land	Land	Building & Improvements		Total			
			\$	\$				\$	\$				
Industrial	Rincon, GA	3,675	61	5,968	—	61	5,968	6,029	638	1998	2019		
Industrial	Chandler, AZ	—	1,164	1,691	4	1,164	1,695	2,859	192	2007	2019		
Industrial	Ashland, VA	5,131	391	7,901	—	391	7,901	8,292	799	2007	2020		
Industrial	Lowell, AR	11,265	1,687	15,188	—	1,687	15,188	16,875	1,613	2017	2020		
Industrial	Monroe, NC	4,185	897	5,106	—	897	5,106	6,003	351	2000	2021		
Industrial	Lehigh Acres, FL	5,727	1,934	7,393	—	1,934	7,393	9,327	437	2002	2021		
Industrial	Omaha, NE	—	1,001	6,547	6	1,001	6,553	7,554	360	1988	2021		
Industrial	Fort Myers, FL	4,617	991	6,876	—	991	6,876	7,867	358	2020	2022		
Industrial	Dalton, GA	9,710	547	15,836	—	547	15,836	16,383	646	1996	2022		
Industrial	Hillside, IL	—	2,560	2,975	—	2,560	2,975	5,535	131	2002	2022		
Industrial	Lexington, KY	5,279	1,558	6,881	—	1,558	6,881	8,439	276	2001	2022		
Industrial	Northwood, OH	5,823	181	8,306	—	181	8,306	8,487	242	1999	2022		
Industrial	Northwood, OH	—	171	7,383	—	171	7,383	7,554	218	2001	2022		
Industrial	Blythehood, SC	4,236	311	12,304	—	311	12,304	12,615	147	2004	2023		
Industrial	Joppa, MD	7,859	3,815	8,142	1,406	3,815	9,548	13,363	2,618	1994	2014		
Industrial	Brooklyn, NY	—	1,381	5,447	3,161	1,381	8,608	9,989	5,039	1973	1998		
Office	Newark, DE	1,157	935	3,643	278	935	3,921	4,856	1,978	1996	2003		
Other	Beachwood, OH	—	13,901	—	3,375	17,276	—	17,276	—	N/A	2016		
Restaurant	Kennesaw, GA	—	702	916	—	702	916	1,618	293	1989	2012		
Restaurant	Concord, NC	1,240	999	1,076	—	999	1,076	2,075	338	2000	2013		
Restaurant	Myrtle Beach, SC	1,240	1,102	1,161	—	1,102	1,161	2,263	352	1978	2013		
Retail	Seattle, WA	—	201	189	35	201	224	425	182	1986	1987		
Retail	Rosenberg, TX	—	216	863	66	216	929	1,145	656	1994	1995		
Retail	Selden, NY	2,314	572	2,287	150	572	2,437	3,009	1,497	1997	1999		
Retail	Batavia, NY	—	515	2,061	—	515	2,061	2,576	1,282	1998	1999		
Retail	Champaign, IL	—	791	3,165	530	791	3,695	4,486	2,184	1985	1999		
Retail	El Paso, TX	9,157	2,821	11,123	2,813	2,821	13,936	16,757	8,694	1974	2000		
Retail	Somerville, MA	—	510	1,993	24	510	2,017	2,527	1,051	1993	2003		
Retail	Hyannis, MA	—	802	2,324	—	802	2,324	3,126	927	1998	2008		
Retail	Marston Mills, MA	—	461	2,313	—	461	2,313	2,774	918	1998	2008		
Retail	Everett, MA	—	1,935	—	—	1,935	—	1,935	—	N/A	2008		
Retail	Kennesaw, GA	4,467	1,501	4,349	1,138	1,501	5,487	6,988	2,403	1995	2008		
Retail	Royersford, PA	18,165	19,538	3,150	524	19,538	3,674	23,212	1,337	2001	2010		
Retail	Monroeville, PA	—	450	863	57	450	920	1,370	297	1994	2010		
Retail	Bolingbrook, IL	—	834	1,887	101	834	1,988	2,822	713	2001	2011		
Retail	Crystal Lake, IL	—	615	1,899	535	615	2,434	3,049	759	1997	2011		
Retail	Lawrence, KS	—	134	938	207	134	1,145	1,279	327	1915	2012		
Retail	Greensboro, NC	—	1,046	1,552	29	1,046	1,581	2,627	450	2002	2014		
Retail	Highlands Ranch, CO	—	2,361	2,924	296	2,361	3,220	5,581	935	1995	2014		
Retail	Woodbury, MN	2,405	1,190	4,003	—	1,190	4,003	5,193	1,098	2006	2014		
Retail	Cuyahoga Falls, OH	908	71	1,371	—	71	1,371	1,442	271	2004	2016		
Retail	Hilliard, OH	805	300	1,077	—	300	1,077	1,377	218	2007	2016		
Retail	Port Clinton, OH	779	52	1,187	—	52	1,187	1,239	241	2005	2016		
Retail	South Euclid, OH	882	230	1,566	53	230	1,619	1,849	343	1975	2016		
Retail	St Louis Park, MN	—	3,388	13,088	152	3,388	13,240	16,628	2,621	1962	2016		
Retail	Deptford, NJ	2,277	572	1,779	705	572	2,484	3,056	1,139	1981	2012		
Retail	Cape Girardeau, MO	862	545	1,547	—	545	1,547	2,092	484	1994	2012		
Retail	Littleton, CO	8,048	6,005	11,272	1,037	6,005	12,757	18,314	3,278	1985	2015		

Type	Location	Encumbrances		Initial Cost to Company		Capitalized Subsequent to Acquisition		Gross Amount at Which Carried at December 31, 2023			Accumulated Depreciation (1)		Date of Construction		Date Acquired
		—	—	Land	Improvements	Improvements	Acquisition	Land	Improvements	Total	Total	Date of Construction	Date Acquired		
														Land	
Retail-Furniture	Wichita, KS	—	—	1,189	5,248	126	1,189	5,374	6,563	2,325	1996	1996	2006		
Retail-Furniture	Lexington, KY	—	—	800	3,532	266	800	3,798	4,598	1,587	1999	1999	2006		
Retail-Furniture	Bluffton, SC	—	—	589	2,600	170	589	2,770	3,359	1,158	1994	1994	2006		
Retail-Furniture	Amarillo, TX	—	—	860	3,810	2	860	3,812	4,672	1,687	1996	1996	2006		
Retail-Furniture	Austin, TX	—	—	1,587	7,010	192	1,587	7,202	8,789	3,138	2001	2001	2006		
Retail-Furniture	Tyler, TX	—	—	1,031	4,554	168	1,031	4,722	5,753	2,029	2001	2001	2006		
Retail-Furniture	Newport News, VA	—	—	751	3,316	229	751	3,545	4,296	1,471	1995	1995	2006		
Retail-Furniture	Richmond, VA	—	—	867	3,829	164	867	3,993	4,860	1,698	1979	1979	2006		
Retail-Furniture	Gurnee, IL	—	—	834	3,635	—	834	3,635	4,469	1,571	1994	1994	2006		
Retail-Furniture	Naples, FL	1,684	—	3,070	2,846	195	3,070	3,041	6,111	1,204	1992	1992	2008		
Retail-Office Supply	Lake Charles, LA (2)	—	—	1,167	3,887	2,905	1,167	6,792	7,959	3,063	1998	1998	2002		
Retail-Office Supply	Chicago, IL (2)	3,076	—	3,877	2,256	—	3,877	2,256	6,133	862	1994	1994	2008		
Retail-Office Supply	Cary, NC (2)	2,595	—	1,129	3,736	—	1,129	3,736	4,865	1,428	1995	1995	2008		
Retail-Office Supply	Eugene, OR (2)	2,312	—	1,952	2,096	—	1,952	2,096	4,048	801	1994	1994	2008		
Retail-Office Supply	El Paso, TX (2)	2,021	—	1,035	2,700	—	1,035	2,700	3,735	1,032	1993	1993	2008		
Theater	Greensboro, NC	—	—	—	8,328	3,000	—	11,328	11,328	9,142	1999	1999	2004		
Theater	Indianapolis, IN	3,648	—	3,099	5,225	19	3,099	5,244	8,343	1,294	1997	1997	2014		
		\$ 422,565	\$ 169,382	\$ 641,447	\$ 53,826	\$ 172,309	\$ 692,346	\$ 864,655	\$ 182,705						

Note 1—Depreciation is provided over the estimated useful lives of the buildings and improvements, which range from 2 to 40 years.

Note 2—These five properties are retail office supply stores net leased to the same tenant, pursuant to separate leases. Four of these leases contain cross default provisions.

ONE LIBERTY PROPERTIES, INC. AND SUBSIDIARIES

Notes to Schedule III

Consolidated Real Estate and Accumulated Depreciation

(a) Reconciliation of “Real Estate and Accumulated Depreciation”

(Amounts in Thousands)

	Year Ended December 31,		
	2023	2022	2021
Investment in real estate:			
Balance, beginning of year	\$ 879,596	\$ 837,641	\$ 839,058
Addition: Land, buildings and improvements	18,176	59,654	28,837
Deduction: Properties sold	(33,117)	(17,699)	(28,064)
Deduction: Property held-for-sale	—	—	(2,190)
Balance, end of year	<u>\$ 864,655</u>	<u>\$ 879,596</u>	<u>\$ 837,641</u>
	(b)		
Accumulated depreciation:			
Balance, beginning of year	\$ 173,143	\$ 160,664	\$ 147,136
Addition: Depreciation	19,242	18,471	17,694
Deduction: Accumulated depreciation related to properties sold	(9,680)	(5,992)	(3,246)
Deduction: Accumulated depreciation related to property held-for-sale	—	—	(920)
Balance, end of year	<u>\$ 182,705</u>	<u>\$ 173,143</u>	<u>\$ 160,664</u>

(b) At December 31, 2023, the aggregate cost for federal income tax purposes is approximately \$20,749 greater than the Company’s recorded values.

CORPORATE INFORMATION

BOARD OF DIRECTORS AND EXECUTIVE OFFICERS

MATTHEW J. GOULD

Chairman of the Board of Directors; Chairman and Chief Executive Officer and Manager of Georgetown Partners LLC, Managing General Partner of Gould Investors L.P.; Director and Senior Vice President of BRT Apartments Corp.; Chairman of Rainbow MJ Advisors LLC; Director of Halsa Holdings LLC; Director of MJ Real Estate Investment Trust

FREDRIC H. GOULD

Vice Chairman of the Board of Directors; Director of BRT Apartments Corp.; Sole Shareholder of Majestic Property Management Corp.

PATRICK J. CALLAN, JR.

Director; President and Chief Executive Officer

JEFFREY A. GOULD

Director and Senior Vice President; Director, President and Chief Executive Officer of BRT Apartments Corp.; Senior Vice President and Manager of Georgetown Partners LLC

CHARLES L. BIEDERMAN

Director; Real Estate Developer; President of CLB, Inc.; Former Registered Architect

EDWARD GELLERT

Director; Senior Vice President and Managing Director for Commercial Real Estate Debt Investments at Alliance Bernstein

J. ROBERT LOVEJOY

Independent Lead Director; Principal of J.R. Lovejoy & Co. LLC

LEOR SIRI

Director; Chief Financial Officer of Rosen Equities

KAREN A. TILL

Director; Chief Financial Officer of Miller & Milone, P.C.; Executive Vice President, Corporate Tax and Compliance at Med-Metrix LLC

LAWRENCE G. RICKETTS, JR.

Executive Vice President and Chief Operating Officer

DAVID W. KALISH

Senior Vice President—Financial; Senior Vice President—Finance of BRT Apartments Corp.; Senior Vice President and Chief Financial Officer of Georgetown Partners LLC

MARK H. LUNDY

Senior Vice President and Assistant Secretary; Senior Vice President of BRT Apartments Corp.; President and Chief Operating Officer of Georgetown Partners LLC

ISRAEL ROSENZWEIG

Senior Vice President; Chairman of BRT Apartments Corp.; Senior Vice President of Georgetown Partners LLC

RICHARD M. FIGUEROA

Senior Vice President, Counsel and Assistant Secretary; Vice President and Assistant Secretary of BRT Apartments Corp.; Vice President of Georgetown Partners LLC

ISAAC KALISH

Chief Financial Officer and Senior Vice President; Senior Vice President and Treasurer of BRT Apartments Corp.; Vice President and Treasurer of Georgetown Partners LLC

JUSTIN CLAIR

Executive Vice President

ALYSA BLOCK

Treasurer

MILI MATHEW

Vice President, Financial

EXECUTIVE OFFICES

60 Cutter Mill Road
Suite 303
Great Neck, NY 11021
516-466-3100

REGISTRAR, TRANSFER AGENT, DISTRIBUTION DISBURSING AGENT

Equiniti Trust Company, LLC
55 Challenger Road
Ridgefield Park, NJ 07660
877-814-9664
www.equiniti.com

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Ernst & Young LLP
One Manhattan West
New York, NY 10001

FORM 10-K AVAILABLE

A copy of the Annual Report on Form 10-K filed with the Securities and Exchange Commission is included as part of this Annual Report. Exhibits to the Form 10-K may be obtained by writing to the Secretary, One Liberty Properties, Inc., 60 Cutter Mill Road, Suite 303, Great Neck, NY 11021 or by accessing our website.

COMMON STOCK

The Company's common stock is listed on the New York Stock Exchange under the ticker symbol OLP.

ANNUAL MEETING

The annual meeting will be held on June 10, 2024 at the Company's Executive Offices at 9:00 a.m.

WEBSITE ADDRESS

www.1liberty.com



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PROPERTIES, INC.

60 CUTTER MILL ROAD
SUITE 303
GREAT NECK, NY 11021
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1LIBERTY.COM

OLP
LISTED
NYSE

ONE LIBERTY PROPERTIES, INC.
60 Cutter Mill Road
Great Neck, New York 11021
(516) 466-3100

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
June 10, 2024

The annual meeting of stockholders of One Liberty Properties, Inc., a Maryland corporation (“we,” “us”, “our” or the “Company”), will be held at our offices, located at 60 Cutter Mill Road, Suite 303, Great Neck, NY, on Monday, June 10, 2024 at 9:00 a.m., local time, to consider and vote on the following matters:

1. The election of three Class 1 directors, each to serve until the 2027 Annual Meeting of Stockholders and until his or her successor is duly elected and qualifies;
2. A proposal to approve, by non-binding vote, executive compensation for 2023, as more fully described in the accompanying proxy statement;
3. A proposal to ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for the year ending December 31, 2024; and
4. Any other business properly brought before the meeting.

The Board of Directors recommends that you vote “**FOR**” the election of each of the nominees listed in the accompanying proxy statement, “**FOR**” proposal 2 to approve executive compensation for 2023, and “**FOR**” proposal 3 to ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for the year ending December 31, 2024.

Holders of record of our common stock at the close of business on March 15, 2024 are entitled to notice of and to vote at the annual meeting and any adjournment or postponement thereof.

It is important that your shares be represented and voted at the meeting. To assure that your vote will be counted, please complete, date and sign the enclosed proxy card and return it in the enclosed prepaid envelope, whether or not you plan to attend the meeting. Most stockholders can also vote by telephone or via the internet. Telephone and internet voting information is provided on the accompanying proxy card. Your proxy may be revoked in the manner described in the accompanying proxy statement at any time before it has been voted at the meeting.

By Order of the Board of Directors



S. Asher Gaffney,
Vice President and Corporate Secretary

April 22, 2024

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ONE LIBERTY PROPERTIES, INC.

PROXY STATEMENT

GENERAL

Our Board of Directors is furnishing you with this proxy statement to solicit proxies on its behalf to be voted at the 2024 annual meeting of stockholders of One Liberty Properties, Inc. The meeting will be held at our offices, 60 Cutter Mill Road, Suite 303, Great Neck, NY 11021 on Monday, June 10, 2024 at 9:00 a.m., local time. Our telephone number is (516) 466-3100. The proxies will be voted at the meeting and may also be voted at any adjournments or postponements of the meeting. All properly executed proxy cards, and all properly completed proxies submitted by telephone or by the internet, that are delivered pursuant to this solicitation, will be voted at the meeting in accordance with your directions, unless the proxy is properly revoked before the meeting.

In this proxy statement, we refer to One Liberty Properties, Inc. as “we”, “our”, “us”, “our company”, to our Board of Directors as the “board of directors”, “Board” or “board” and to our shares of common stock as “common stock” or “shares”.

QUESTIONS AND ANSWERS ABOUT THE MEETING AND VOTING

What is the purpose of the annual meeting?

At our annual meeting, stockholders will consider and vote on the following matters:

- the election of three Class 1 directors, each to hold office until the 2027 annual meeting and until their respective successors are duly elected and qualify;
- a non-binding advisory vote on executive compensation, which we refer to as the “Say-on-Pay Proposal”;
- the ratification of the appointment of Ernst & Young LLP, or E&Y, as our independent registered public accounting firm for the year ending December 31, 2024; and
- such other matters as may properly come before the meeting.

How does the board of directors recommend that I vote at the annual meeting?

Our board of directors recommends that you vote:

- “**FOR**” the election of each of the nominees listed in this proxy statement as a director (each, a “nominee” and collectively, the “nominees”);
- “**FOR**” the Say-on-Pay Proposal; and
- “**FOR**” the proposal to ratify the appointment of E&Y as our independent registered public accounting firm for the year ending December 31, 2024.

The persons named as proxies will vote in their discretion on any other matter properly brought before the annual meeting.

Who is entitled to vote?

We are mailing this proxy statement on or about April 26, 2024 to our stockholders of record as of the close of business on March 15, 2024, which we refer to as the “record date”. The record date was established by our board. Stockholders of record as of the close of business on the record date are entitled to receive notice of and to vote their shares at the meeting. As of the close of business on the record date, 21,253,398 shares of our common stock were outstanding and entitled to vote at the meeting. Each outstanding share of common stock entitles the holder to cast one vote on each director to be elected and each other matter to be considered at the meeting. Shares of our common stock constitute our only outstanding class of voting securities and will vote as a single class on all matters to be considered at the annual meeting.

How do I vote?

If your shares are registered directly in your name with our transfer agent, Equiniti Trust Company, LLC (formerly known as American Stock Transfer & Trust Company, LLC), you are considered the stockholder of record with respect to those shares and the proxy card was sent directly to you by our transfer agent. In that case, you may instruct the proxy holders named in the proxy card how to vote your shares of common stock in one of the following ways:

- *Vote online.* You may vote online at www.voteproxy.com. To vote online, you must have your control number provided in the proxy card.
- *Vote by telephone.* You may vote by telephone by calling 1-800-PROXIES (1-800-776-9437). To vote by telephone, you must have the control number provided in your proxy card.
- *Vote by regular mail.* If you would like to vote by mail, please mark, sign and date your proxy card and return it promptly in the postage-paid envelope provided.
- *Vote by attending the meeting in person.*

Proxies submitted over the internet, by telephone or by mail must be received by 11:59 p.m. New York City time, on June 9, 2024. If you vote by telephone or via the internet, it is not necessary to return your proxy card.

If your shares are held in an account at a brokerage firm, bank, broker-dealer, nominee or other similar organization, which we refer to collectively as an “Agent,” then you are the beneficial owner of shares held in “street name,” and a voting instruction form was or should have been forwarded to you by your Agent. As a beneficial owner, you have the right to instruct your Agent on how to vote the shares held in your account. You should instruct your Agent how to vote your shares by following the voting instructions provided by your Agent. If you wish to vote in person at the annual meeting, you must obtain a legal proxy from your Agent.

How will my shares be voted?

If you are a stockholder of record as of the close of business on the record date and you do not mark any selections but return the signed proxy card, your shares will be voted by the proxies named on the proxy card “**FOR**” each of the nominees listed in this proxy statement, “**FOR**” the approval of the non-binding Say-on-Pay Proposal, and “**FOR**” the proposal to ratify the appointment of E&Y as our independent registered public accounting firm for the year ending December 31, 2024. If you are a stockholder of record as of the close of business on the record date and you return the signed proxy card, the proxy holders may vote in their discretion with respect to any other matters that properly come before the meeting. If any nominee named in this Proxy Statement is unwilling or unable to serve as a director, our board may nominate another individual for election as a director at the annual meeting, and the persons named as proxy holders will vote “**FOR**” the election of any substitute nominee.

If you are a stockholder of record as of the close of business on the record date and you wish to name as a proxy someone other than the proxies named on the proxy card, you may do so by crossing out the name of the designated proxies and inserting the name of another person. In that case, it will be necessary to sign the proxy card and deliver it to the person so named and for the person so named to be present at and vote at the meeting with the properly executed and marked proxy card. Proxy cards so marked should not be mailed to us or to Equiniti Trust Company, LLC, which we refer to as “Equiniti”.

If my shares are held in “street name” by my Agent, will the Agent vote my shares without specific instructions from me?

Not in most circumstances. In the absence of your voting instructions, your Agent may only vote your shares in its discretion on “routine matters” and your Agent may not vote your shares on proposals that are not “routine.” We believe that the proposal to ratify the selection of E&Y is a routine matter on which your Agent can vote on your behalf if you do not furnish voting instructions. All of the other proposals may be considered non-routine matters so your Agent may not be entitled to vote your shares on these proposals without your instructions. A broker non-vote occurs when an Agent does not vote on a particular proposal because the Agent does not have discretionary voting power for that particular matter and has not received instructions from the beneficial owner. If you hold your shares in street name and do not give the Agent specific voting instructions with respect to the proposals regarding the election of directors and the Say-on-Pay Proposal, your shares will

not be voted on those items, and a broker non-vote will occur. If your shares are held in “street name” by your Agent, you should follow the directions provided by your Agent in order to instruct them to how to vote your shares.

Who will count the vote?

A representative of our transfer agent, Equiniti, or another person designated by or at the direction of our board or the chair of the annual meeting will tabulate the votes and act as inspector of elections.

Can I revoke my proxy before it is exercised?

If you hold stock directly in your name, you can revoke your proxy at any time before it is voted at the annual meeting by filing a written revocation with our Office of the Corporate Secretary, or delivering to Equiniti, a properly executed proxy bearing a later date. You may also revoke your proxy with a timely and valid later telephone or Internet vote or by attending the meeting and voting in person. If not so revoked, the shares represented by such proxy will be voted as instructed in the proxy.

If your shares are held in the name of your Agent, you must contact such Agent and comply with the Agent’s procedures if you want to revoke or change the instructions that you previously provided to the Agent.

Attendance at the meeting will not by itself automatically revoke a previously granted proxy.

What constitutes a quorum?

A quorum is the presence in person or by proxy of stockholders entitled to cast a majority of the votes entitled to be cast at the meeting on any matter. To constitute a quorum, the holders of at least 10,626,700 shares must be present in person or by proxy at the meeting. Generally, action cannot be taken at the meeting unless a quorum is present.

Abstentions and brokers non-votes will be considered present for the purpose of determining the presence of a quorum.

Is my vote important?

If you do not submit a proxy or vote in person at the annual meeting, it will be more difficult for us to obtain the necessary quorum to hold the annual meeting.

How many votes does it take to approve the items to be voted upon?

The affirmative vote of a majority of the total votes cast “for” and “against” as to a nominee is required for the election of such nominee as director. Accordingly, abstentions and broker non-votes will have no effect on the vote for the election of such nominees.

The affirmative vote of a majority of all of the votes cast at the meeting is required for approval of the Say-on-Pay Proposal and to ratify the selection of E&Y. For the purpose of the Say-on-Pay Proposal, abstentions and broker non-votes will not be counted as votes cast and will have no effect on the result of the vote. For the purposes of the vote on the selection of E&Y, abstentions will not be counted as votes cast and will have no effect on the result of the vote.

Although the Say-on-Pay Proposal is advisory and not binding on the Board or us in any way, the compensation committee and the Board will review the results of the votes and will consider our stockholders’ concerns and take them into account in its future determinations regarding these matters.

Who is soliciting my proxy and who pays the cost?

This solicitation of proxies is made by and on behalf of our board. We will pay the costs of soliciting proxies, including the cost of preparing and mailing this proxy statement and related soliciting materials. In addition to soliciting proxies by mail, our and our affiliates’ officers, directors and employees, without additional compensation, may solicit proxies personally or by other appropriate means. It is anticipated that Agents will forward proxy soliciting materials to their principals, and that we will reimburse the Agents’ related expenses. We have retained DF King for a fee of \$7,000 plus expenses and other customary charges, to aid in the

solicitation of proxies from our stockholders. To the extent necessary in order to ensure sufficient representation at the meeting, we or our proxy solicitor may solicit the return of proxies by personal interview, mail, telephone, facsimile, Internet or other means of communication or electronic transmission. The extent to which this will be necessary depends upon how promptly proxies are returned. We urge you to send in your proxy without delay.

What is householding?

Stockholders who share the same address and last name may receive only one copy of the proxy materials unless we, in the case of stockholders of record, or such stockholder's Agent, in the case of stockholders whose shares are held in street name, receive contrary instructions. This practice, known as "householding," is designed to reduce printing and mailing costs. Stockholders desiring to discontinue householding and receive a separate copy of the proxy materials, may (1) if their shares are held in street name, notify their Agent or (2) if they are stockholders of record, direct a written request to: One Liberty Properties, Inc., 60 Cutter Mill Road, Suite 303, Great Neck, NY 11021, Attn: Office of the Corporate Secretary.

When are stockholder proposals due for the 2025 Annual Meeting?

We expect that our 2025 annual meeting of stockholders will be held in June 2025.

Our amended and restated bylaws, which we refer to as our bylaws, require that we be given advance written notice of nominations for election to our board and other matters which stockholders wish to present for action at an annual meeting of stockholders (other than matters included in our proxy materials in accordance with Rule 14a-8(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). The Office of the Corporate Secretary must receive such notice, as well as the information and other materials required by our bylaws, at our principal executive office not later than 5:00 p.m., Eastern Time, on December 27, 2024 and no earlier than November 27, 2024 for matters or nominations to be properly presented at the 2025 annual meeting of our stockholders.

Stockholders who wish to have proposals considered for inclusion in the proxy statement and form of proxy for our 2025 Annual Meeting pursuant to Rule 14a-8 under the Exchange Act must cause their proposals to be received in writing by the Office of the Corporate Secretary at the address set forth on the cover page of this proxy statement no later than December 27, 2024. Any proposal should be addressed to the Office of the Corporate Secretary and may be included in next year's proxy materials for our 2025 annual meeting of stockholders only if such proposal complies with the rules and regulations promulgated by the Securities and Exchange Commission, which we refer to as the "SEC." We are not required to include in our proxy statement or our proxy card relating to any annual meeting any stockholder proposal that does not meet all of the requirements for inclusion established by the SEC.

What other information about us is available?

Stockholders can call (516) 466-3100 or write to us at 60 Cutter Mill Road, Suite 303, Great Neck, NY 11021, Attention: Office of the Corporate Secretary, to request a copy of our Annual Report on Form 10-K for the year-ended December 31, 2023. This and other important information about us is also available on our web site which is located at www.liberty.com. Our 2023 Annual Report to Stockholders (the "Annual Report") accompanies this proxy statement.

GOVERNANCE OF THE COMPANY

General

Our business, property and affairs are managed by or under the direction of our board of directors. Members of the board are kept informed of our business through discussions with our chief executive officer, chairman of the board and other officers, by reviewing materials provided to them and by participating in meetings of the board and its committees.

During 2023, the board held four meetings. All of our directors attended at least 75% of the total number of meetings of the board and the committees of which such director was a member. Our independent directors meet at regularly scheduled executive sessions without management. We encourage our directors to attend the annual meeting of stockholders, and last year, all of our directors attended this meeting.

Leadership Structure

Our company is led by Matthew J. Gould, chairman of our board, Fredric H. Gould, vice chairman of our board and Patrick J. Callan, Jr., director, president and chief executive officer. The board of directors designated J. Robert Lovejoy as its “Independent Lead Director.” Among other things, the Independent Lead Director presides over, and proposes the topics to be discussed at executive sessions of the independent directors, recommends to the chairman of the board matters to be considered and materials to be reviewed by the board, participates in meetings of the committees of the board, serves as an independent point of contact for stockholders desiring to communicate with the board and performs such other duties and responsibilities as are assigned to him by a majority of the independent directors.

Risk Oversight

Management is responsible for the day-to-day management of risks we face. Our board of directors has overall responsibility for overseeing risk management with a focus on the more significant risks facing us. Our audit committee oversees risk policies and processes related to our financial statements, financial reporting processes, liquidity risks, and other risks (including cybersecurity risks) presented to it from time-to-time by management; our compensation committee oversees risks relating to the compensation of our full-time executive officers; and our nominating and corporate governance committee, which we refer to as the “nominating committee”, oversees corporate governance risks.

A portion of each quarterly meeting of the audit committee is devoted to reviewing with management, among other things, property portfolio issues which could have a material adverse impact on current or future operations or financial condition, including potential or actual impairments, if any, liquidity risks, debt covenants and maturities, lease expirations and, as required, reviewing risks arising from related party transactions. At each audit committee quarterly meeting, (i) one or more of our chief financial officer, our chief accounting officer, senior vice president, the accounting firm performing the internal audit function on our behalf and our independent registered public accounting firm report to the committee with respect to compliance with our internal control policies and (ii) one or more of our chairman of the board, chief executive officer and chief operating officer may attend, as needed, to discuss our operations or other matters. This process assists the audit committee in overseeing the risks related to our financial statements and the financial reporting process.

At board meetings, the directors review significant risk issues brought to their attention by management and committees of the board.

Our compensation committee, among other things, reviews our incentive compensation arrangements to ensure that such arrangements do not encourage unnecessary risk taking. The compensation committee believes that the compensation programs which are in place do not give rise to any risk that is reasonably likely to have a material adverse effect on us.

Code of Business Conduct and Ethics

We have adopted an amended and restated code of business conduct and ethics, which we refer to as the “Conduct Code”, that applies to all of our directors, officers and employees. The Conduct Code covers a variety of topics, including conflicts of interest, confidentiality of information, and compliance with laws and

regulations. See “*Additional Information and Notice of Internet Availability of Proxy Materials*” to obtain access for or copies of our Conduct Code. During 2023, there were no waivers of the provisions of the Conduct Code with respect to any of the persons subject thereto. We will post any amendments to, or waivers of, the Conduct Code on our website.

Committees of the Board of Directors

We have three standing committees: audit, compensation and nominating. Our board has adopted corporate governance guidelines that address the make-up and function of the board and a charter for each of these committees. The charter for each committee requires that such committee be comprised of at least three independent directors and in the case of the audit committee, also requires that at least one member of the committee qualify as a “financial expert.” All of the members of each committee were independent during their period of service on such committee and in the case of the audit committee, each such member was also financially literate. See “*Additional Information and Notice of Internet Availability of Proxy Materials*” to obtain access to, or copies of, our corporate governance guidelines and committee charters.

The table below provides membership and meeting information for each of the following committees of the board in 2023:

Name	Audit	Compensation	Nominating
Charles Biederman		✓	Chair
Edward Gellert		✓	
J. Robert Lovejoy	✓	Chair	
Leor Siri	Chair		✓
Karen A. Till	✓		✓
Number of meetings	4	6	2

Audit Committee

This committee is responsible for assisting the board in overseeing, among other things, (i) the integrity of our financial statements, (ii) our compliance with legal and regulatory requirements, (iii) our independent registered public accounting firm’s qualifications and independence, (iv) the performance of our independent registered public accounting firm, (v) the performance of the accounting firm performing our internal control audit function, (vi) risk oversight responsibilities described in “— *Risk Oversight*”, and (vii) the preparation of the audit committee report required by the SEC for inclusion in this proxy statement. This committee is also responsible for the selection and engagement of our independent registered public accounting firm, for approving the fees paid to such firm and, except to the extent delegated to another committee, for approving related party transactions.

Compensation Committee

This committee is responsible for, among other things, (i) determining the base salary, annual bonus and perquisites paid to our full-time executive officers, the fees paid to our directors, and the grants of awards to participants under our equity based plans, (ii) amounts paid pursuant to the compensation and services agreement, (iii) overseeing compliance with our stock ownership guidelines, and (iv) the risk oversight activities described in “— *Risk Oversight*”. See “*Executive Compensation — Compensation Program*.”

Nominating and Corporate Governance Committee

This committee is responsible for, among other things, recommending a slate of nominees for election to the board of directors at the annual stockholders’ meeting, recommending committee assignments to the board of directors, identifying and recommending candidates to fill vacancies on the board of directors between annual stockholder meetings, recommending a slate of officers for election by the board of directors at the annual directors’ meeting, proposing, monitoring and recommending changes to our corporate governance guidelines, its risk oversight responsibilities described in “— *Risk Oversight*” and overseeing the evaluation of the effectiveness of our board of directors and such committee.

Director Qualifications

The board believes that it should be comprised of directors with complementary backgrounds and that directors should, at a minimum, have experience which is relevant to our business or otherwise be of assistance

to the board in its deliberations. Our nominating committee has not adopted a formal diversity policy in connection with the consideration of director nominations or the selection of nominees. It considers the personal and professional attributes and the experience of each director candidate to promote diversity of expertise and experience among our directors. Additionally, directors should possess the highest personal and professional ethics in order to perform their duties properly and should be willing and able to devote the required amount of time to our business.

When considering candidates for director, the nominating committee will take into account a number of factors, including the following:

- the candidate's ability to qualify as an independent director;
- whether the candidate has relevant business experience;
- the candidate's judgment, skill, integrity and reputation;
- whether the candidate has a background in accounting, finance or other skills deemed relevant by the board; and
- the size and composition of the existing board.

The nominating committee will consider candidates for director suggested by stockholders applying the criteria for candidates described above and considering the additional information referred to below. Stockholders wishing to suggest a candidate for director should write to our Office of the Corporate Secretary and include:

- a statement that the writer is a stockholder and is proposing a candidate for consideration by the nominating committee;
- the name of and contact information of the candidate;
- a detailed statement of the candidate's business and educational experience and an explanation of the reasons why the stockholder believes the candidate is qualified for service on our board of directors;
- information regarding each of the factors listed above sufficient to enable the nominating committee to evaluate the candidate;
- a statement detailing any relationship between the candidate and any of our competitors, affiliated companies or officers or directors;
- detailed information about any relationship or understanding between the proposing stockholder and the candidate; and
- a statement that the candidate is willing to be considered and willing to serve as a director if nominated and elected.

When seeking candidates for director, the nominating committee may solicit suggestions from management, incumbent directors and others. The nominating committee or its chair will interview a candidate if it believes the candidate might be suitable to be a director. The nominating committee may also ask the candidate to meet with management.

The nominating committee generally intends to recommend that the board nominate incumbent directors whom the committee believes will continue to make contributions to us, inasmuch as the committee believes that the continuing service of qualified incumbents promotes stability and continuity, giving us the benefit of the familiarity and insight into our affairs that such directors have accumulated during their tenure, while contributing to the board's ability to work as a collective body.

Independence of Directors

The board affirmatively determined that each of (i) Charles Biederman, Edward Gellert, J. Robert Lovejoy, Leor Siri and Karen A. Till, constituting approximately 56% of our directors and (ii) the members of our audit, compensation and nominating committees, is independent. The board based these determinations primarily on a review of our directors' responses to questions regarding employment and compensation history, affiliations and family and other relationships, discussions with directors and relevant facts and circumstances provided to management of any relationships bearing on the independence of a director.

In evaluating independence, the board applied the independence standards of sections 303A.01 and 303A.02 of the New York Stock Exchange Listed Company Manual (the “NYSE Manual”), as well as our categorical independence standards included in our corporate governance guidelines. The board also applied, with respect to the: (i) audit committee, the independence standards imposed by Rule 10A-3 promulgated under the Exchange Act, and Section 303A.07(a) of the NYSE Manual; and (ii) compensation committee, the independence standards imposed by Rule 10C-1 promulgated under the Exchange Act and Section 303A.02(a)(ii) of the NYSE Manual. See “*Additional Information and Notice of Internet Availability of Proxy Materials*” for information about accessing our corporate governance guidelines.

Non-Management Director Executive Sessions

In accordance with New York Stock Exchange listing standards, our non-management directors meet regularly in executive sessions without management and our independent lead director presides over such sessions.

Communications with Directors

Stockholders, employees and other interested persons who want to communicate with the board, any committee of the board, or any individual director can write to:

One Liberty Properties, Inc.
60 Cutter Mill Road
Suite 303
Great Neck, New York 11021
Attention: Office of the Corporate Secretary

The Office of the Corporate Secretary will:

- Forward the communication to the director or directors to whom it is addressed;
- Attempt to handle the inquiry directly; for example, where it is a request for information about the company or it is a stock-related matter; or
- Not forward the communication if it is primarily commercial in nature or if it relates to an improper or irrelevant topic.

At each board meeting, the Corporate Secretary will present a summary of all communications received since the last meeting that were not forwarded and make those communications available to the directors on request.

In the event that a stockholder, employee or other interested person would like to communicate with our non-management directors confidentially, they may do so by sending a letter to “Independent Lead Director” at the address set forth on the first page of this proxy statement. Please note that the envelope must contain a clear notation that it is confidential.

Compensation of Directors

The following table sets forth the cash compensation paid in 2023 to our non-management directors (and the annual retainer paid, to our Chairman and Vice Chairman, who are management directors) for their service on our board and its committees:

	Board	Committee		
		Audit	Compensation	Nominating
Annual retainer	\$ 34,650 ⁽¹⁾	\$12,400	\$6,200	\$5,200 ⁽²⁾
Participation in meeting	1,000	—	—	—
Chairman’s annual retainer ⁽³⁾	312,992 ⁽⁴⁾	15,000	8,500	7,000 ⁽⁵⁾
Vice Chairman’s annual retainer	125,197 ⁽⁴⁾	—	—	—
Lead director’s annual retainer	25,000	—	—	—

(1) For 2024, this retainer is \$45,000.

- (2) For 2024, this retainer is \$6,200.
- (3) The retainer paid for serving as the chair of a committee is in addition to the retainer for service on such committee.
- (4) Matthew J. Gould and Fredric H. Gould, members of management, were paid the Chairman's and Vice Chairman's retainer, respectively. For Mr. M. Gould, such amounts are included under the "Salary" column under "Executive Compensation – Summary Compensation Table." See "Executive Compensation – Compensation of the Chairman and Vice Chairman of the Board", "Executive Compensation – Summary Compensation Table" and "Certain Relationships and Related Transactions." For 2024, the Chairman's and Vice Chairman's retainers are \$325,512 and \$130,205, respectively.
- (5) For 2024, this retainer is \$8,500.

In addition, non-management directors are awarded shares of restricted common stock annually — the number of shares varies from year-to-year. The restricted stock vests on a cliff vesting basis five years after the grant, subject to acceleration upon the occurrence of specified events; during the vesting period, the owner is entitled to vote and receive distributions, if any, on such shares but is not entitled to transfer the shares. In 2022 and 2023, each director was awarded 3,350 shares of restricted stock.

Our non-management directors received the following compensation for 2023:

Name	Fees Earned or Paid in Cash (\$)	Stock Awards (\$) ⁽¹⁾	Total (\$)
Charles Biederman	57,052	74,002	131,054
Edward Gellert	44,852	74,002	118,854
J. Robert Lovejoy	90,752	74,002	164,754
Leor Siri	71,252	74,002	145,254
Karen A. Till	56,252	74,002	130,254

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- (1) Represents the aggregate grant date fair value of these restricted stock awards computed in accordance with Accounting Standards Codification Topic 718—Stock Compensation, which we refer to as "ASC Topic 718". The closing price per share on January 5, 2023, the grant date, was \$22.09.

The table below shows the number of outstanding shares of our unvested restricted stock and the value thereof held by each non-management director at December 31, 2023:

Name	Unvested Restricted Stock (#)	Market Value of Unvested Restricted Stock (\$) ⁽¹⁾
Charles Biederman	16,300	357,133
Edward Gellert	8,300	181,853
J. Robert Lovejoy	16,300	357,133
Leor Siri	16,300	357,133
Karen A. Till	13,100	287,021

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- (1) The closing price on the NYSE on December 29, 2023 for a share of our common stock was \$21.91.

STOCK OWNERSHIP OF CERTAIN BENEFICIAL OWNERS, DIRECTORS AND OFFICERS

The following table sets forth, as of March 22, 2024 information concerning shares of our common stock owned by (i) all persons known to own beneficially 5% or more of our outstanding stock, (ii) all directors and nominees for election as directors, (iii) each executive officer named in the Summary Compensation Table, and (iv) all directors and executive officers as a group:

Name	Amount of Beneficial Ownership ⁽¹⁾	Percent of Class
Charles Biederman ⁽²⁾	46,781	*
Patrick J. Callan, Jr.	377,694	1.8
Edward Gellert	11,650	*
Fredric H. Gould ⁽³⁾	578,749	2.7
Jeffrey A. Gould ⁽⁴⁾⁽⁵⁾	2,648,576	12.5
Matthew J. Gould ⁽⁴⁾⁽⁶⁾	2,590,502	12.2
David W. Kalish ⁽⁷⁾	406,524	1.9
Isaac Kalish ⁽⁸⁾	257,510	1.2
J. Robert Lovejoy ⁽⁹⁾	91,449	*
Lawrence G. Ricketts, Jr.	192,101	*
Leor Siri ⁽¹⁰⁾	31,628	*
Karen A. Till	16,498	*
Directors and executive officers as a group (18 individuals)	5,397,689	25.4
Gould Investors L.P. ⁽¹¹⁾	2,226,689	10.5
BlackRock, Inc. ⁽¹²⁾	1,424,223	6.7
The Vanguard Group ⁽¹³⁾	1,756,288	8.3

* Less than 1%

- (1) Securities are listed as beneficially owned by a person who directly or indirectly holds or shares the power to vote or to dispose of the securities, whether or not the person has an economic interest in the securities. In addition, a person is deemed a beneficial owner if such person has the right to acquire beneficial ownership of shares within 60 days of March 22, 2024. The percentage of beneficial ownership is based on 21,253,398 shares of common stock outstanding on March 22, 2024.
- (2) Excludes 57,616 shares owned by his spouse, as to which he disclaims any beneficial ownership interest.
- (3) Excludes 50,307 shares of common stock owned by his wife, as to which shares he disclaims beneficial ownership.
- (4) Matthew J. Gould and Jeffrey A. Gould are deemed to share control of the managing general partner of Gould Investors, and accordingly are deemed to share voting and dispositive power with respect to the shares owned by Gould Investors.
- (5) Includes 393,275 shares of common stock owned directly, 2,226,689 shares of common stock owned by Gould Investors, 14,846 shares of common stock owned by a foundation over which he shares voting and dispositive power, 13,622 shares held by a limited liability company of which he is a manager, and 144 shares owned by the managing general partner of Gould Investors.
- (6) Includes 331,032 shares of common stock owned directly, 2,226,689 shares of common stock owned by Gould Investors, 14,846 shares of common stock owned by a foundation over which he has shared voting and dispositive power, 4,169 shares of common stock owned by a pension trust over which he shares voting and dispositive power, 13,622 shares held by a limited liability company of which he is a manager, and 144 shares owned by the managing general partner of Gould Investors.
- (7) Includes 227,884 shares of common stock owned directly and by his IRA and profit sharing trust, of which he is the sole beneficiary, and 178,640 shares of common stock owned by pension trusts over which he has shared voting and dispositive power. Excludes 1,227 shares of common stock owned by his wife, as to which shares he disclaims beneficial ownership.
- (8) Includes 78,870 shares of common stock owned directly and 178,640 shares of common stock owned by pension trusts over which he has shared voting and dispositive power. Excludes 2,365 shares held in a custodial account for a child and 8,449 shares held for his child as to which shares he disclaims beneficial ownership.
- (9) Includes shares of common stock owned by his IRA. Excludes 13,136 shares of common stock owned by his wife as to which shares he disclaims beneficial ownership.
- (10) Excludes 287 shares held by his spouse, as custodian for their children, as to which shares he disclaims beneficial ownership.
- (11) Address is 60 Cutter Mill Road, Suite 303, Great Neck, NY 11021. This stockholder is primarily engaged in the ownership and operation of real estate properties held for investment.
- (12) As of December 31, 2023, based (other than with respect to percentage ownership which is based on the number of shares outstanding as of March 22, 2024) on information set forth in Amendment No. 13 to Schedule 13G filed with the SEC on January 26, 2024 by this stockholder whose business address is 55 East 52nd Street, New York, NY 10055. This stockholder reported that it has sole voting power with respect to 1,380,444 shares and sole dispositive power with respect to 1,424,223 shares and that it does not share voting or dispositive power with respect to the shares it beneficially owns.
- (13) As of December 29, 2023, based (other than with respect to percentage ownership which is based on the number of shares outstanding as of March 22, 2024) on information set forth in Amendment No. 11 to Schedule 13G filed with the SEC on February 13, 2024 by this stockholder, whose business address is 100 Vanguard Blvd., Malvern, PA, 19355. This stockholder reported that it has shared voting power with respect to 10,065 shares, sole dispositive power with respect to 1,731,059 shares, shared dispositive power with respect to 25,229 shares and that it does not have sole voting power with respect to any of the shares it beneficially owns.

PROPOSAL 1

ELECTION OF DIRECTORS

Pursuant to our bylaws, the number of our directors is determined by our board of directors. Our board currently consists of nine directors. Pursuant to our charter, the board is divided into three classes of directors, with each director elected by the stockholders generally serving for a term expiring at the annual meeting of stockholders held in the third year following the year of their election and when their successors are duly elected and qualified, with one class up for election at each annual meeting. A director elected by our board of directors to fill a vacancy on the board between meetings of stockholders serves for a term expiring at the next annual meeting of stockholders and when his or her successor is duly elected and qualifies, and such successor will be elected for the remainder of the term of the class of directors in which the vacancy occurred.

Our board, upon the recommendation of the nominating committee, nominated the individuals identified below under the caption “ — *Directors who are Nominees for Election*” for election as directors at the annual meeting, to serve until the annual meeting indicated and until his or her successor is duly elected and qualifies. As a result, three individuals identified below are to be elected as Class 1 directors, to serve until the 2027 annual meeting of our stockholders and until their respective successors are duly elected and qualify. Proxies will not be voted for a greater number of persons than the number of nominees named in the proxy statement.

It is contemplated that all the nominees will stand for election. Should any nominee become unavailable for election, all proxies (except proxies marked to the contrary) will be voted for the election of a substitute nominee recommended by the board of directors.

In an uncontested election, each nominee will be elected only if such director receives the affirmative vote of a majority of the total votes cast “for” and “against” as to such nominee. As set forth in our corporate governance guidelines, any nominee who is an incumbent director but who is not elected by the vote required in the Bylaws, and with respect to whom no successor has been elected, is required to promptly tender an offer to resign to the board for its consideration. The nominating committee will recommend to the board whether to accept the offer to resign. No later than the next regularly scheduled board meeting to be held at least ten days after the date of the election, the board will decide whether to accept such offer and promptly and publicly disclose its decision. If the resignation is not accepted, the director will continue to serve until the next annual meeting of stockholders and until the director’s successor is duly elected and qualified or until the director’s earlier resignation or removal. If the resignation is accepted, the board will leave such position vacant, reduce the size of the board or elect another individual to serve in place of the resigning director. The nominating committee and the board may consider any factors they deem relevant in deciding whether to accept a director’s resignation.

If any director resigns or is unable to serve his or her full term, the board, by majority vote of the remaining directors, may elect a nominee to fill the vacancy.

The following tables set forth information concerning the directors who are nominees for election at this year’s annual meeting and whose terms are not expiring:

Directors Who are Nominees for Election

<u>Name</u>	<u>Class</u>	<u>New Term to Expire at Annual Meeting in</u>
Edward Gellert	1	2027
Fredric H. Gould	1	2027
Leor Siri	1	2027

Directors Whose Terms are Not Expiring

Name	Class	Term to Expire at Annual Meeting in
Matthew J. Gould	3	2025
J. Robert Lovejoy	3	2025
Karen A. Till	3	2025
Charles L. Biederman	2	2026
Patrick J. Callan, Jr.	2	2026
Jeffrey A. Gould	2	2026

Nominees For Election as Directors

Name and Age	Principal Occupation For The Past Five Years and other Directorships or Significant Affiliations
Edward Gellert 57 Years	<p>Director since December 2020; Senior Vice President since 2023, and since 2018, Vice President and Managing Director for Commercial Real Estate Debt Investments at Alliance Bernstein; Director of AB Commercial Real Estate Private Debt Fund, LLC since 2021; From 2004 through 2006, he served as portfolio manager, and from 2007 through 2018, he served as senior portfolio manager directing the investment activities of the Avenue Real Estate Strategy at Avenue Capital Group; From 2015 through 2017, he served as Chairman, President and Chief Executive Officer of ACRE Realty Investors, Inc., an NYSE MKT listed company focused on commercial real estate investments; From time-to-time from 1988 to 2001, he served in various capacities with Argent Ventures, Amroc Investments and BRT Realty Trust, predecessor to BRT Apartments Corp. Mr. Gellert also founded EDGE Partners in 2001, where he has served as a co-managing member of joint-venture entities that have developed, repositioned and owned over 1.2 million square feet of properties. Mr. Gellert's more than 30 years of real estate experience, including investment, portfolio and asset management, lending, distressed-focused investing, restructurings, deal sourcing and the management, operation and development of real estate assets, led our nominating committee to conclude that he should continue to serve on our board.</p>
Fredric H. Gould 88 Years	<p>Vice Chairman since June 2013, Chairman from 1989 through June 2013, Chief Executive Officer from 1999 to 2001 and from 2005 to 2007; From 1997 through 2013, Chairman of Georgetown Partners, the managing general partner of Gould Investors, which is primarily engaged in the ownership and operation of real estate properties held for investments; Since 1984, a director of, and from 1984 through 2013, Chairman of the Board of BRT Apartments; Sole stockholder of Majestic Property Management Corp. for more than the past five years. Director of EastGroup Properties, Inc., a NYSE listed real estate investment trust engaged in the acquisition, ownership and development of industrial properties, from 1998 through 2019. He is the father of Matthew J. Gould and Jeffrey A. Gould. Mr. Gould's extensive knowledge of our company and his knowledge and experience in business, finance, real estate, tax and accounting matters gained from his more than 50 years of experience in the real estate and finance industries, including his service as the chief executive officer of publicly traded REITs, as a director and a member of the loan committee of two savings and loan associations, and as a director of four publicly traded REITs, led our nominating committee to conclude that he should continue to serve on our board.</p>

Name and Age	Principal Occupation For The Past Five Years and other Directorships or Significant Affiliations
Leor Siri 51 Years	<p>Director since 2014; Since 2023, Chief Financial Officer of Rosen Equities, a privately held real estate development and management consortium; From 2014 through 2023, a member of the Management Committee of Silverstein Properties, Inc., a privately held full service real estate development, investment and management firm (“Silverstein”); From 2021 through 2023, Executive Vice President and Treasurer and from 2014 through 2021, Chief Financial Officer of Silverstein; Chief Financial Officer of Ian Schrager Company from 2013 to 2014; Chief Financial Officer and member of the Executive Investment Committee of Seavest Inc., from 2011 to 2013; Chief Accounting Officer, Treasurer and Director of Elad Group, Ltd. from 2006 to 2011; From 1996 to 2006, served in various capacities (including senior manager) at E&Y. Our nominating committee concluded that Mr. Siri’s background as a certified public accountant at a Big Four accounting firm and his experience as chief financial officer of several highly regarded real estate companies equip him with an understanding of financial reporting requirements that is useful in carrying out his responsibilities as a director, including his responsibilities as chair of our audit committee and as our audit committee financial expert.</p>

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE ELECTION OF
EDWARD GELLERT, FREDRIC H. GOULD AND LEOR SIRI**

Continuing Directors

<u>Name and Age</u>	<u>Principal Occupation For The Past Five Years and other Directorships or Significant Affiliations</u>
Charles L. Biederman 89 Years	Director since 1989; Chairman from 2008 to 2010 of Universal Development Company, a commercial general contractor engaged in turnkey hotel, commercial and residential projects; Principal of Sunstone Hotel Investors, LLC, a company engaged in the management, ownership and development of hotel properties, from 1994 to 2007; Executive Vice President of Sunstone Hotel Investors, Inc., a real estate investment trust engaged in the ownership of hotel properties, from 1994 to 1998 and Vice Chairman of Sunstone Hotel Investors from 1998 to 1999. Mr. Biederman, a retired professional architect, was involved for many years in the development and construction of residential communities. He subsequently became involved, as an executive officer and a director, in the activities of a publicly traded REIT engaged in the ownership of hotel properties and developed, as an investor, principal and partner, residential properties and hotels. He brings to the board his experience as senior executive of a publicly traded REIT and extensive real estate experience with respect to, among other things, acquisitions, dispositions, operations, development and financing.
Patrick J. Callan, Jr. 60 Years	Director since 2002, President since 2006 and Chief Executive Officer since 2008; Senior Vice President of First Washington Realty, Inc. from 2004 to 2005; Vice President of Real Estate for Kimco Realty Corporation, a real estate investment trust, from 1998 to 2004. Mr. Callan joined us in 2002, as a director, with significant experience in commercial leasing with a publicly traded REIT and thereafter served as a senior executive officer of another REIT. He brings to the board his leadership abilities, his expertise in acquiring, managing and owning a diverse portfolio of real estate assets and his extensive knowledge of our company based on his 18 years and 16 years as our president and chief executive officer, respectively.
Jeffrey A. Gould 58 Years	Director since 1999, Vice President from 1989 to 1999 and Senior Vice President since 1999; Since 1996, President, since 1997, Director, from 1996 through 2001, Chief Operating Officer, and since 2002, Chief Executive Officer of BRT Apartments, a NYSE listed REIT that owns and operates multi-family properties; Since 1996, Senior Vice President and since 2013, director/manager of Georgetown Partners. Mr. Gould has spent his entire career in the real estate business. His principal activity for more than the past 18 years has been first as chief operating officer and then as chief executive officer of BRT Apartments. He brings to the board his many years of service as chief executive officer of an NYSE listed REIT, his extensive knowledge of our company, and his expertise in a wide range of real estate related matters.
Matthew J. Gould 64 Years	Chairman since June 2013, Vice Chairman from 2011 through June 2013; and Director since 1999; President and Chief Executive Officer and Manager from 1989 to 1999 and a Senior Vice President from 1999 through 2011; From 1996 through 2013, President, and from 2013, Chairman of the Board and Chief Executive Officer/Manager of Georgetown Partners; Since 1993, Senior Vice President and since 2001, director of BRT Apartments Corp.; Vice President of Majestic Property Management Corp., for more than the past five years. Since 2019, Chairman of Rainbow MJ Advisors, which manages real estate loans and investments in the cannabis industry, since 2021, a Director of Halsa Holdings LLC, which is engaged in commercial activities in such industry and since 2022, a Director of MJ Real Estate Investment Trust, a private REIT that acquires interests in, or originates loans secured by, real estate assets operated by state licensed cannabis operators. He brings to the board his extensive knowledge of our company and his more than 35 years of experience as an executive in the real estate industry with expertise in evaluating, managing, financing, acquiring and selling various types of properties.

Name and Age	Principal Occupation For The Past Five Years and other Directorships or Significant Affiliations
J. Robert Lovejoy 79 Years	<p>Director since 2004 and Independent Lead Director since 2011; Founder and principal of J.R. Lovejoy & Co. LLC, providing consulting and advisory services to corporate, investment and financial clients; Partner and Chief Administrative Officer of Deimos Asset Management LLC, a privately owned multi-strategy fund management company, from 2015 to 2016. Director from 2000 to 2013, Chairman from 2011 to 2013, and Interim Chief Executive Officer from 2011 to 2012 of Orient-Express Hotels Ltd. (now called Belmond Ltd.), a luxury lodging and adventure travel company which was acquired in 2019 by LVMH Moët Hennessey Louis Vuitton; Partner, Chief Administrative Officer and General Counsel of Coatue Management LLC, a privately owned investment management company, from 2009 through 2010; Managing Director of Groton Partners, LLC, merchant bankers, from 2006 to 2009; Senior Managing Director of Ripplewood Holdings, LLC, a private equity investment firm, from 2000 to 2005; Managing Director of Lazard Freres & Co. LLC and General Partner of Lazard's predecessor partnership from 1984 to 2000; Partner, and previously Associate, of Davis Polk & Wardwell, LLP law firm, from 1971 to 1984. Mr. Lovejoy, an attorney, has extensive experience in asset management and investment and merchant banking, and throughout his career has been involved in raising capital in private and public transactions, mergers and acquisitions, business law and accounting issues. His extensive experience in these areas enable him to serve as our independent lead director, as chair of our compensation committee and as a member of our audit committee.</p>
Karen A. Till 61 Years	<p>Director since 2019; Since 2023, EVP Corporate Tax and compliance of Med-Metrix, LLC, a provider of technology-enabled services providing revenue cycle management and business intelligence solutions for health systems and physician groups across the United States. Since 2021, Chief Financial Officer of Miller & Milone, LLC, a wholly owned subsidiary of Med-Metrix, LLC.; Since 2010, Chief Financial Officer of Miller & Milone, P.C., a law firm focused on healthcare law, elder law and estate planning; From 1998 to 2010, employed by Arbor Commercial Mortgage, LLC, a Fannie Mae and Freddie Mac Delegated Underwriting and Servicing (DUS[®]) lender, including serving as Vice President – Strategic and Taxation from 2006 to 2010 with responsibility for, among other things, tax compliance and strategies for a NYSE listed REIT and various real estate partnerships; From 1988 to 1998 employed by BRT Apartments, including serving as Vice President, Financial, from 1993 to 1998. Since 2019, she has served as a board member and treasurer of the Sabrina Audrey Milone Foundation, Inc. Ms. Till's background as a certified public accountant as well as her experience in strategic business planning, finance, tax and accounting developed while working for an aggregate of 22 years with two NYSE listed REITs equips her with the skills that are helpful in serving on our audit committee and board.</p>

HIGHLIGHTS OF OUR COMPENSATION PROGRAM AND GOVERNANCE PRACTICES

The following features of our executive compensation and corporate governance programs are evidence of our commitment to good corporate governance and compensation practices – we encourage you to read the more detailed information set forth herein:

WHAT WE DO

- ✓ *Use rigorous performance goals.* Only 56.7% of the RSUs awarded to our executive officers from 2021 through 2023 would have vested as of December 31, 2023, demonstrating the rigorous conditions established for our equity incentive awards.
- ✓ *Emphasize equity awards as a significant portion of the performance/incentive component of compensation.* The grant date fair value of long-term equity awards (i.e., the restricted stock awarded in 2024 for 2023 performance) and equity incentive awards (i.e., the RSUs awarded in 2023; the long-term equity awards and equity incentive awards are referred to collectively as the “Equity Awards”), accounted for 87.5% and 87.9% of the performance/incentive based component of compensation awarded to Messrs. Callan and Ricketts, respectively, in 2023.
- ✓ *Equity awards as a significant component of annual base compensation.* In 2023, the grant date fair value of Equity Awards, as a percentage of base annual compensation (i.e., salary, cash bonus and the grant date fair value of the Equity Awards), were 37.8% and 43.6% for Messrs. Callan and Ricketts, respectively.
- ✓ *Mitigate undue risk in compensation programs.* The executive compensation program includes features that reduce the possibility of our executive officers, either individually or as a group, making excessively risky business decisions that could maximize short-term results at the expense of longer-term value.
- ✓ *Balance of short-term and long-term incentives.* Our incentive programs provide an appropriate balance between shorter and longer-term incentives.
- ✓ *Capped equity award payouts.* The number of shares that can be earned pursuant to Equity Awards are capped.
- ✓ *Independent compensation committee.* Our compensation committee is comprised entirely of independent directors and it oversees risks with respect to our compensation practices.
- ✓ *Clawback policy.* We are entitled to recoup compensation or cause the forfeiture of compensation as more fully described under “— Clawbacks.”
- ✓ *Stock ownership guidelines.* All of our named executive officers and non-management directors own a meaningful amount of our stock as required by these guidelines — see “— Stock Ownership Guidelines.”
- ✓ *Diversity; Responsiveness to Stockholder’s Corporate Governance Comments.* We are responsive to comments and concerns raised by our stockholders. In response to comments raised by stockholders regarding board diversity, we added a highly qualified woman, Karen A. Till, to our board. Ms. Till has served as director since 2019 and serves as a member of the audit and nominating committees.
- ✓ *Board refreshment.* We have been refreshing our board over the past several years and as a result, our independent directors have served for a median of nine years.

WHAT WE DON'T DO

- ✘ *No employment agreements.* None of our officers have employment agreements. Employment of all of our full-time executive officers is “at will.”
- ✘ *No severance arrangements.* There are no severance or similar arrangements for our executive officers, other than accelerated vesting of shares of restricted stock and RSUs upon the occurrence of specified events (e.g., death, disability, retirement or change of control).
- ✘ *No golden parachute tax gross-ups.* There are no excise tax gross ups or similar arrangements for our executive officers.
- ✘ *No dividends on unearned equity incentive awards.* No dividends are paid on our RSUs except to the extent that the underlying shares are earned.
- ✘ *No multi-year or guaranteed bonuses or equity grants.* We do not pay guaranteed bonuses to anyone and currently have no guaranteed commitments to grant any equity-based awards. This ensures that we are able to base all compensation awards to measurable performance factors and business results.
- ✘ *No costly defined benefit pension or supplemental retirement plans.* We do not provide costly retirement benefits to our executive officers that reward longevity rather than contributions to our performance.
- ✘ *No hedging policy.* We prohibit our directors, officers, employees and others from engaging in hedging or short sales involving our shares — see “— *Policy Prohibiting Hedging of our Securities.*”

EXECUTIVE COMPENSATION

Compensation Program

We describe below our compensation objectives, policies and decisions as applied to the compensation provided by us in 2023 to the “named executive officers” identified below under “ — *Named Executive Officers*” and in the “ — *Summary Compensation Table*”. This discussion focuses on the information contained in the compensation tables appearing herein, but also describes our historic compensation structure to enhance an understanding of our executive compensation program.

Historically, except with respect to equity-based awards which are determined by our compensation committee, our board made compensation determinations after taking into account the recommendations of the compensation committee. In late 2022, our board delegated to the compensation committee the authority to make compensation determinations (including determinations of the amounts paid to Majestic Property Management Corp., which we refer to as Majestic, pursuant to the compensation and services agreement, which we refer to as the “C&SA”). As a result, (i) base salary, perquisites and amounts to be paid pursuant to the C&SA for 2023 were approved by the compensation committee and ratified by the board in late 2022, (ii) bonuses for 2023 were determined by the compensation committee in late 2023 and (iii) equity awards for 2023 were determined by the compensation committee in mid-2023 and early 2024. Majestic is wholly-owned by Fredric H. Gould, the Vice Chairman of our Board of Directors, and provides compensation to several of our part-time named executive officers. See “*Certain Relationships and Related Transactions.*”

Background

We have two categories of officers: (i) officers who devote their full business time to our affairs; and (ii) officers who devote their business time to us on a part-time basis. Our full-time officers and employees are compensated directly and solely by us. Except for Equity Awards and our payment of the chairman’s and vice chairman’s fee, substantially all of our part-time executive officers and employees are compensated by Majestic which, pursuant to the C&SA, provides us with (i) certain executive, administrative, legal, accounting, clerical, property management, property acquisition and consulting (*i.e.*, sale, leasing, mortgage financing and construction supervisory) services and (ii) certain facilities and other resources (collectively, the “Services”). See “*Certain Relationships and Related Party Transactions.*”

Substantially all of our full-time and part-time executive officers and other employees, including employees of affiliated companies who perform services for us on a part-time basis, receive Equity Awards approved by, or pursuant to authority delegated by, the compensation committee.

Named Executive Officers

Our named executive officers for 2023 are Patrick J. Callan, Jr., President and Chief Executive Officer and Lawrence G. Ricketts, Jr., Executive Vice President and Chief Operating Officer, both of whom devote their full-time to our affairs, as well as Matthew J. Gould, Chairman of our Board, Jeffrey A. Gould, Senior Vice President, David W. Kalish, Senior Vice President-Finance and Isaac Kalish, Senior Vice President and Chief Financial Officer, each of whom devote time to our affairs on a part-time, as needed, basis. David W. Kalish served as our Chief Financial Officer through June 2023 at which time Isaac Kalish, his son, began to serve as our Chief Financial Officer.

Compensation Consultant

Our compensation committee is authorized by its charter to retain independent counsel, compensation and benefits consultants, and other outside experts or advisors. In 2022, our compensation committee engaged Ferguson Partners Consulting L.P., which we refer to as “Ferguson”, to analyze the competitiveness of our compensation practices in a benchmarking study. Ferguson, a nationally recognized compensation consulting firm specializing in the real estate industry, has no relationship with us or any of our affiliates. (Ferguson also serves as the independent compensation consultant for BRT Apartments Corp).

In its analysis, Ferguson compared our compensation practices to the following REITs, which we refer to as the “Compensation Peer Group”: Broadstone Net Lease, Inc., Chatham Lodging Trust, Community Healthcare Trust Incorporated, CTO Realty Growth, Inc., Franklin Street Properties Corp., Global Medical REIT Inc.,

INDUS Realty Trust, Inc., NETSTREIT Corp., Orion Office REIT Inc., Plymouth Industrial REIT, Inc., Postal Realty Trust, Inc., RPT Realty, Urstadt Biddle Properties Inc., and Wheeler Real Estate Investment Trust, Inc. Ferguson selected the Compensation Peer Group based on the peer group used in its prior report to the compensation committee as adjusted in 2022 in consultation with management and the compensation committee. These adjustments generally eliminated certain companies that were in the process of being acquired or were significantly larger than us, and added REITs that were similar in size or based in the New York metropolitan area.

Ferguson's report ("Ferguson's Report"), which was presented to the compensation committee in November 2022, noted that executive team pay, as a whole, falls "in-line" (*i.e.*, within +/-10% from the stated statistic) with the median of the Compensation Peer Group. The compensation committee used the Ferguson Report as a "market check" to confirm its belief that on an overall basis, our compensation program and practices were not inappropriate.

The Role of Say-on-Pay Votes

In reviewing our compensation practices and determinations and in approving base salaries and perquisites for 2023, the compensation committee was aware of the results of our June 2020 "say-on-pay" vote in which approximately 76% of the shares that voted on such proposal voted to approve our executive compensation determinations and practices. In approving the bonuses and equity awards for 2023 performance, the compensation committee was aware of the results of our June 2023 "say-on-pay" vote in which approximately 81% of the shares that voted on such proposal voted to approve our executive compensation determinations and practices. The compensation committee viewed such results as supportive of our compensation practices and determinations.

Objectives of our Compensation Program

The principal objectives of our compensation program for full-time executive officers are to: (a) retain highly experienced officers who have worked together for a long time and contribute to our success, (b) motivate these officers to contribute to the achievement of our success, (c) ensure that the total compensation paid to such officers is fair and competitive both internally (*i.e.*, within our company), and externally (*i.e.*, with respect to our peers) and (d) align the interests of these executives and our stockholders. The compensation committee believes that relying on these principles will permit us to retain and motivate these officers.

With respect to our part-time executive officers, the compensation committee must be satisfied that such officers provide us with sufficient time and attention to meet our needs and perform their duties on our behalf. The compensation committee believes that (i) using the services of officers with diverse skills on a part-time basis enables us to benefit from a greater degree of executive experience and competence than an organization of our size could otherwise afford and (ii) our part-time executive officers perform valuable services on our behalf, devote sufficient time and attention to our business needs, are able to meet our needs fully and perform their duties effectively.

Compensation Setting Process

Full-time Executive Officers

We determine compensation for our full-time named executive officers on a case-by-case basis and our compensation decisions include subjective determinations. We do not use formal quantitative performance targets to determine compensation, except with respect to RSUs, which are equity-based incentive awards that vest upon satisfaction of market and/or performance-based conditions. Base salaries are determined immediately preceding the year in which such salaries are to be paid, cash bonuses, which have been paid for the past several years pursuant to the Performance-based Cash Bonus Program further described under " — *Components of Executive Compensation — Bonus*" are determined at the end of the year in which services are rendered and paid in the following year, restricted stock is awarded for service in a particular year and granted in the following year, and RSUs are granted annually in June/July of each year as an additional three-year performance incentive.

Part-time Executive Officers

We believe that using part-time officers pursuant to the C&SA enables us to benefit from access to, and the services of, a group of senior officers with experience and knowledge in real estate matters (including acquisitions and dispositions), operations, management and finance, legal, accounting and tax matters that an

organization our size could not otherwise afford. The compensation, if any, paid to our part-time officers by Majestic and its affiliates for services on our behalf is determined by one or more of Matthew J. Gould, Jeffrey A. Gould and Fredric H. Gould, in their capacity as officers of such entities, in consultation with certain of our part-time senior executive officers.

Our part-time executive officers, including our Chairman and Vice Chairman, also receive compensation from other business entities, several of which are owned or controlled by one or more of Fredric H. Gould, Matthew J. Gould or Jeffrey A. Gould, for services rendered to such entities.

Components of Executive Compensation

Full-time Executive Officers

The principal elements of our compensation program for our full-time officers are:

- base salary;
- annual cash bonus;
- long-term equity awards in the form of restricted stock and long-term equity incentive awards in the form of RSUs; and
- benefits and perquisites (*e.g.*, contributions to our defined contribution plan, an education benefit, additional disability insurance, an automobile allowance and automobile maintenance and repairs).

Base salary and annual bonus are cash-based, while long-term equity awards and long-term equity incentive awards consist of restricted stock awards and RSUs, respectively. In determining compensation, the compensation committee does not have a specific allocation goal between cash and equity-based compensation though the committee generally desires that base salary and cash bonuses (except to the extent based on the attainment of performance criteria), should decrease over time as a percentage of total compensation and long-term equity and other incentive awards should increase as a percentage of total compensation.

Part-time Executive Officers

In 2023, except for the \$312,992 and \$125,197 we paid the chairman and vice chairman of our board, respectively, the only form of direct compensation we provided our part-time officers was the granting of long-term equity and equity incentive awards in the form of restricted stock and RSUs, respectively. For services rendered to us, our part-time officers are compensated by Majestic, which was paid approximately \$3,317,000 (excluding \$317,000 as reimbursement for our share of direct office expenses) in 2023 pursuant to the compensation and services agreement. Seven officers are compensated by Majestic for providing services to us on a part-time basis.

Base Salary

Base salary is the basic, fixed form of compensation for the job an officer performs and provides each officer with a guaranteed annual income.

Full-time Executive Officers: Any increase in base salary is determined on a case-by-case basis, is not formula based and is based upon, among other considerations, (i) our performance in the preceding year, (ii) such officer's current base salary, (iii) amounts paid by other similarly situated REITs for officers performing substantially similar functions, (iv) years of service, (v) job responsibilities, (vi) the individual's performance, (vii) the cost of retaining talented executives in the New York City region, and (viii) the recommendations of the Chairman and/or Vice Chairman of the board and other senior executive officers. Base salary is generally determined the month before the beginning of the calendar year in which such base salary is to take effect.

Part-time Executive Officers: Our part-time officers are compensated by Majestic and its affiliates. The annual fee paid to Majestic is approved by the audit and/or compensation committee(s) and the board of directors. Other than equity award determinations, our board and its committees *are not* involved in determining the compensation of these officers.

Bonus

Full-time Executive Officers: We provide the opportunity for our full-time officers to earn an annual cash bonus. We provide this opportunity both to reward our personnel for past performance and to motivate and retain them. We recognize that annual bonuses are almost universally provided by our competitors. In view of the fact that only two of

our named executive officers devote their full-time to our affairs, annual cash bonuses for such named executive officers are recommended on a case-by-case basis by our chairman of the board and/or vice chairman to the compensation committee. Our performance-based cash bonus program, which we refer to as the “Performance-based Bonus Program,” provides that cash bonuses are to be based on funds from operations, tenant occupancy rate, the overall management of our portfolio and discretionary factors. Discretionary factors include total revenues, rental income, net income, dividends paid to stockholders, investor relations activities, and subjective considerations. No specific quantitative targets are established in advance of the applicable year for which a bonus will be paid and the amount of such bonus is based on highly subjective considerations. These bonuses are generally determined at the end of the year for which such bonus is awarded and is generally paid in the beginning of the following year.

Part-time Executive Officers: We do not provide any cash bonuses to our chairman, vice chairman or other part-time named executive officers and our board and its committees *are not* involved in determining the bonuses paid to part-time officers.

Long-term Equity and Long-term Equity Incentive Awards

We provide the opportunity for our full-time and part-time officers to receive long-term equity (*i.e.*, restricted stock) and long-term equity incentive awards (*i.e.*, RSUs). These compensation programs are designed to recognize responsibilities, reward performance, motivate future performance, align the interests of our officers with those of our stockholders and retain our officers. The compensation committee makes determinations with respect to the grant of equity awards for all our officers and employees except to the extent that it, in accordance with applicable law, delegates to one or more senior executives the authority to grant such awards to certain individuals (other than executive officers); in such case, the committee sets limits (and may impose such other limits as it deems appropriate) on the total number of such awards that may be granted pursuant to such delegated authority. In determining the long-term equity and long-term equity incentive compensation components, the compensation committee considers all factors it deems to be relevant, including the performance of our named executive officers. Existing stock ownership levels are not a factor in award determinations. As of December 31, 2023, all outstanding equity awards that had been granted were granted under our stockholder approved incentive plans. For purposes of this proxy statement, the RSUs granted in 2023, among other things, to incentivize future performance, are deemed to have been granted for 2023 performance.

In 2023, the compensation committee adopted an equity based long-term pay-for-performance incentive program (the “2023 Performance Plan”) pursuant to which we issued to 18 individuals, including our named executive officers, RSUs exchangeable for up to an aggregate of 85,250 shares of common stock. As described in further detail in the table below and “— *Grant of Plan Based Awards During 2023*,” these RSUs vest if and to the extent pre-established market (*i.e.*, average of the annual total stockholder return) or performance (*i.e.*, average of the annual return on capital) conditions are met through the June 30, 2026 measurement date. Further, with respect to RSUs that vest, recipients are entitled to an amount equal to the cash dividends that would have been paid in respect of the shares underlying such RSUs had such shares been outstanding during the three year measurement period (the “RSU Dividend Equivalents”). We use RSUs as an element of our long-term equity compensation program with the expectation that in light of the three-year vesting period and the need to satisfy market and/or financial performance conditions, these awards will further align the interests of our executive officers with our stockholders and reward long-term market and financial performance.

The conditions that must be satisfied to earn the performance-based compensation are tied to the achievement of rigorous, sustained performance and/or market goals. As further described below, 50% of the award is based on return on capital (“ROC”) and 50% on total stockholder return (“TSR”). The specific goals and the other material terms and conditions of the 2023 Performance Plan are as follows:

Long-Term Equity Incentive Awards Performance Criteria	Weight	Minimum Performance Criteria⁽¹⁾	Maximum Performance Criteria⁽¹⁾
Return on Capital (ROC)	50%	Average of the annual ROC of at least 6%	Average of the annual ROC of 8.75% or greater
Total Stockholder Return (TSR). . .	50%	Average of the annual TSR of at least 6%	Average of the annual TSR of 11.0% or greater

(1) If the average annual ROC or TSR falls between the applicable minimum and maximum performance criteria, a *pro-rata* portion of such units, as applicable, vest.

The RSUs granted during the three years ended December 31, 2023 are, as of such date, at the 56.7% level of the full payout of the performance objectives at which the RSUs vest (the extent to which the objectives for these awards are deemed to have been satisfied is determined in the manner described in Note 12 of our consolidated financial statements included in our Annual Report). See “— *Grant of Plan Based Awards During 2023*” for a more extensive description of the metrics applicable to the 2023 Performance Plan.

We do not have a formal policy with respect to whether equity compensation should be paid in the form of stock options, restricted stock or RSUs. We grant restricted stock awards which vest after five years of service and RSUs that vest after three years of service if, and to the extent, specified performance and/or market conditions are met. The compensation committee generally believes that restricted stock awards and RSUs are more effective than options in achieving our compensation objectives. Restricted stock has a greater retention value than options because of its five-year cliff vesting requirement and because before vesting, cash dividends are paid on all outstanding restricted stock as an additional element of compensation. Executive officers also realize value upon the vesting of restricted stock, with the value potentially increasing during the five-year vesting period if our stock price increases. RSUs provide an additional incentive component to equity-based awards in that the units only vest if, and to the extent, performance or market conditions are satisfied. Restricted stock and RSUs align the interests of our officers with our stockholders and because fewer shares are normally awarded than in connection with the grant of options, they are potentially less dilutive.

Generally, our grants of restricted stock are made in January of each year in recognition of services provided for the prior year and the RSUs are granted in June/July of each year. We do not have a formal policy on timing these grants in connection with the release of material non-public information and in view of, among other things, the three-year and five-year cliff vesting requirements with respect to RSUs and restricted stock awards, respectively, we do not believe such a formal policy is necessary.

Executive Benefits and Perquisites

Full-time Officers: We provide our full-time officers with a competitive benefits and perquisites program. We recognize that similar benefits and perquisites may be provided at other companies with which we might compete for talent. We review our benefits and perquisites program periodically to ensure it remains fair to our officers and employees.

Part-time Officers: The perquisites afforded to these officers are provided by Majestic and its affiliates; our board and its committees *are not* involved in determining the perquisites paid to such officers.

Employment and Severance Agreements; Post-Employment Benefits; Change of Control

None of our named executive officers have employment or severance agreements with us. They are “at will” employees who serve at the pleasure of our board of directors.

We do not provide for any post-employment benefits to our named executive officers other than their entitlement to the benefits payable pursuant to our defined contribution pension plan and, as described below, the accelerated vesting of our restricted stock awards and RSUs as a result of death, disability, retirement or a change of control.

Generally, in the event of death, disability (*i.e.*, the inability to engage in gainful activity due to a life threatening or long lasting mental or physical impairment) or retirement (*i.e.*, the individual retires after having reached the age of 65 and worked for us for at least ten consecutive years), such person’s restricted stock vests fully and a *pro-rata* portion (based on, among other things, the amount of time between the grant and the triggering event) of their RSUs will vest if and to the extent the applicable performance or market conditions are met as of the completion of the applicable three year performance cycle. In addition, upon a change of control, the (i) shares of restricted stock vest fully and (ii) the RSU’s vest fully if such change occurs 18 months after the beginning of the applicable performance cycle (the “Cycle Mid-Point”) and, if such change occurs on or prior to the Cycle Mid-Point, a *pro-rata* portion (based on, among other things, the amount of time between the grant and such triggering event) of such RSUs vests, in each case without regard to satisfaction of market or performance conditions.

Subject to the specific terms and conditions of the applicable plan and award agreement, a change of control is generally deemed to occur if (i) any person, with specified exceptions, becomes the “beneficial owner” of securities representing 25% or more of the combined voting power of our then outstanding securities, (ii) a

business combination or sale of all or substantially all of our assets is completed or (iii) there is a change in the composition of a majority of our board of directors, other than changes approved by incumbent directors.

See “ — *Potential Payments Upon Termination or Change-in-Control*”

Stock Ownership Guidelines

Because we believe that the ownership by our named executive officers and non-employee directors of a meaningful financial stake in us serves to align their interests with those of our stockholders, we adopted stock ownership guidelines. Our guidelines reflect that the individuals identified below should own shares of common stock with a value not less than:

Title	Minimum Ownership Requirement
Chief Executive Officer	4 times current base salary
Full-Time NEO	2 times current base salary
Part-Time NEO	The number of shares required to be owned by the full-time NEO with the lowest base salary
Non-Employee Directors	3 times annual base retainer

All shares deemed to be beneficially owned as determined under Rule 13d-3 promulgated pursuant to the Exchange Act (including shares as to which beneficial ownership is disclaimed), are counted towards meeting the guidelines. The individuals subject to these guidelines generally have five years from the date they assume such title to achieve the requisite ownership, which will be measured as of December 31 of each year. The stock price used in determining satisfaction of the guidelines is the most favorable price during the two years ending on the December 31 measurement date. As of December 31, 2023, each of our named executive officers and non-employee directors satisfied these guidelines.

Policy Prohibiting Hedging of Our Securities

The board believes that transactions in our securities engaged in by directors, officers, employees, persons performing services pursuant to our C&SA and certain relatives of the foregoing (collectively, the “Covered Persons”), (i) that are designed to hedge (*i.e.*, eliminate or reduce), the risks of ownership of our securities, or (ii) allow for the profit from any decrease in the value of our securities, are inappropriate.

Accordingly, the board has adopted an anti-hedging policy that applies to transactions in securities by Covered Persons. Under the policy, Covered Persons are prohibited from:

- engaging in short sale transactions in our securities,
- engaging in hedging or monetizing transactions through transactions in our securities or through the use of financial instruments designed for such purposes,
- engaging in any transaction in securities where a reasonable investor would conclude that such transaction is for short-term gain or is speculative, and
- owning financial instruments (other than those issued by us) or participating in investment strategies that represent a direct or indirect hedge of the economic risk of owning our securities or any other that give the holder any rights to acquire any such securities.

Clawbacks

We maintain a policy required by the rules of NYSE providing that, subject to certain exemptions provided by the NYSE rules, if we are required to restate our financial results due to material noncompliance with financial reporting requirements under the securities laws, the compensation committee will seek recovery of any cash- or equity-based incentive compensation (including vesting and unvested equity) paid or awarded to the executive officer, to the extent the compensation was based on erroneous financial data and exceeded what would have been paid under the restatement.

In addition, we are entitled to clawback or obtain reimbursement of an executive’s compensation under the following circumstances:

- in the event we are required to restate our financial statements due to our material non-compliance, as a result of misconduct, with any financial reporting requirement under the securities laws, our chief executive officer and chief financial officer are required to reimburse us for (i) any bonus or other incentive based compensation or equity based compensation they receive from us during the 12 months following the initial public issuance of the financial document embodying such financial reporting requirement and (ii) the profits from the sale of our common stock during such 12 months;
- if an executive officer’s relationship with us is terminated for cause (e.g., insubordination, dishonesty, incompetence, moral turpitude, the refusal to perform such person’s duties and responsibilities and other misconduct of any kind, as determined by the compensation committee), then the officer’s rights to all restricted stock, RSUs and performance share awards (except to the extent such awards have vested) are forfeited immediately; and
- in accordance with any additional claw-back policy implemented by us, whether implemented prior to or after the grant of an award pursuant to our equity incentive plans, with respect to such awards.

Compensation of Part-Time Named Executive Officers

In 2023, we paid Majestic \$3,317,000 (excluding \$317,000 of office expenses), of which approximately 41% was allocated to our part-time named executive officers. (The amounts actually paid to such officers by Majestic were substantially less than the amounts allocated to such officers by Majestic). The compensation paid to these part-time named executive officers is variable/incentive pay and is based on the determinations of one or more of Fredric H. Gould, Matthew J. Gould and Jeffrey A. Gould. See “*Certain Relationships and Related Transactions.*” In making such determinations, Messrs. F. Gould, M. Gould and J. Gould take into account, among other things, Majestic’s profitability and the contribution of each individual performing services on Majestic’s behalf on both an absolute and relative basis (i.e., in comparison to the other individuals performing services on Majestic’s behalf). Such determinations are highly subjective.

Compensation of the Chairman and Vice Chairman of the Board

In 2023 we paid, our chairman and vice-chairman, \$312,992 and \$125,197, respectively and in 2024 we intend to pay, \$325,512 and \$130,205, respectively, for serving in such capacities. These officers did not receive any additional direct compensation from us in 2023 other than equity-based awards (i.e., restricted stock and RSUs). Any additional compensation received by them for services rendered to us is paid to them by Majestic. For additional information regarding compensation of these officers, see “*Summary Compensation Table*” and “*Certain Relationships and Related Transactions.*”

Analysis

Summary

The following base salaries, bonuses and equity awards were approved for our full-time named executive officers for 2023 and 2022:

Name	Base Salary			Cash Bonus			Equity Grants		
	2023 (\$)	2022 (\$)	% Change	2023 (\$) ⁽²⁾	2022 (\$) ⁽²⁾	% Change	2023 (\$) ⁽³⁾	2022 (\$) ⁽⁴⁾	% Change
Patrick J. Callan, Jr. ⁽¹⁾	962,745	916,890	5.0	91,690	91,690	—	642,102	718,126	(10.6)
Lawrence G. Ricketts, Jr. ⁽¹⁾	586,950	559,000	5.0	70,000	70,000	—	507,206	567,873	(10.7)

- (1) Messrs. Callan’s and Ricketts’ base salaries for 2024 are \$1,001,255 and \$610,428, respectively.
- (2) Reflects the cash bonuses paid in recognition of performance for such year, which are paid in the following year.
- (3) Represents the aggregate grant date fair value of the shares of restricted stock granted in 2024 for 2023 performance and the RSUs granted in 2023. Messrs. Callan and Ricketts were granted (i) in 2024, for 2023 performance, 21,750 and 17,100 shares of restricted stock, respectively, and (ii) in 2023, 15,000 and 12,000 RSUs, respectively.
- (4) Represents the aggregate grant date fair value of shares of the restricted stock granted in 2023 for 2022 performance and the RSUs granted in 2022. Messrs. Callan and Ricketts were granted (i) in 2023, for 2022 performance, 21,750 and 17,100 shares of restricted stock, respectively, and (ii) in 2022, 15,000 and 12,000 RSUs, respectively.

Base Salary and Bonus

In determining 2023 base salaries, the compensation committee determined in late 2022, which determination was subsequently ratified by the board, that increases in base salaries for Messrs. Callan and Ricketts were appropriate in recognition of their performance in 2022 and as a general cost of living increase.

In determining cash bonuses for 2023, the compensation committee took into account the factors to be considered pursuant to our Performance-based Cash Bonus Program — it considered funds from operations, adjusted funds from operations, the property acquired in 2023 for approximately \$13.4 million, the 11 properties (including an out-parcel) sold or to be sold in 2023 for an aggregate net gain of approximately \$17 million, and the overall management of our real estate portfolio (*e.g.*, negotiating lease amendments with challenged tenants and ensuring that we maintain a high occupancy rate). In its consideration of the management of the portfolio, the committee, among other things, took into account Messrs. Callan's and Ricketts efforts and accomplishments with respect to the negotiation and execution of approximately 28 leases (including amendments, renewals and extensions) and our physical occupancy rate in excess of 98% in November 2023.

Long-term Equity and Equity Incentive Awards

We believe that our long-term equity and equity incentive compensation programs, using RSUs that vest after three years subject to satisfaction of market or performance-based conditions, and restricted stock awards with five-year cliff vesting, provide an appropriate incentive for our executive officers and are a beneficial retention tool. In determining the awards to be granted to the named executive officers, the compensation committee took into account our performance in 2023, the responsibilities and performance of each named executive officer and the committee's desire to continue to emphasize equity based awards as a significant component of total compensation for our full-time named executive officers while minimizing stockholder dilution.

We believe the cumulative effect of the restricted stock awards and RSUs is not overly-dilutive and has created significant incentives for our officers and employees. We intend to continue to award restricted stock and RSUs as we believe such awards (i) align management's interests and goals with stockholders' interests and goals and (ii) are an excellent motivator and employee retention tool.

RSUs

In June 2023, we granted our named executive officers RSUs exchangeable for up to an aggregate of 49,500 shares of common stock the same number of RSUs granted to them in 2022. In evaluating the proposed awards, we placed greater emphasis on the quantity of shares granted rather than their grant date accounting value, because the quantity of shares subject to the awards is a significantly greater incentive than the grant date accounting value of such awards, which value may never be realized.

Restricted Stock Awards

In 2024, we awarded 77,850 shares of restricted stock to our named executive officers for their performance in 2023, and in 2023, we awarded 76,360 shares of restricted stock to such officers for their performance in 2022. Although the grant date market value of such awards was less than the grant date market value of the awards granted in the prior year, we placed greater emphasis on the quantity of shares awarded rather than their grant date accounting value because the (i) grant date accounting value may never be realized as these shares vest in five years and their value at such future time is unknowable and (ii) anticipated dividends payable with respect to these awards are a more important retention feature than the unknown market value of the shares in five years.

Perquisites

Generally, the perquisites we provide to our full-time officers represent a small percentage of the compensation paid by us to these officers. We believe that such perquisites are appropriate.

Summary Compensation Table

The following table lists the annual compensation for the periods indicated of our Chief Executive Officer, each individual who served during 2023 as our Chief Financial Officer, and our three other named executive officers in 2023:

<u>Name and Principal Position</u>	<u>Year</u>	<u>Salary</u> <u>(\$)</u>	<u>Bonus</u> <u>(\$)⁽¹⁾</u>	<u>Stock Awards</u> <u>(\$)⁽²⁾</u>	<u>All Other</u> <u>Compensation</u> <u>(\$)⁽³⁾</u>	<u>Total</u> <u>(\$)</u>
Patrick J. Callan, Jr.	2023	962,745	91,690	652,760	74,107 ⁽⁸⁾	1,781,302
President and Chief Executive Officer ⁽⁴⁾	2022	916,890	91,690	971,731	132,498	2,112,809
	2021	865,000	86,500	738,334	153,929	1,843,763
David W. Kalish	2023	—	—	298,880	252,863 ⁽⁹⁾	551,743
Senior Vice President and Chief Financial Officer ⁽⁵⁾⁽⁶⁾	2022	—	—	447,249	237,422	684,671
	2021	—	—	319,061	239,521	558,582
Lawrence G. Ricketts, Jr.	2023	586,950	70,000	515,585	63,305 ⁽¹⁰⁾	1,235,840
Executive Vice President and Chief Operating Officer ⁽⁴⁾	2022	559,000	70,000	767,259	56,388	1,452,647
	2021	520,000	65,000	582,515	52,789	1,220,304
Matthew J. Gould	2023	312,992 ⁽⁷⁾	—	310,366	479,979 ⁽⁹⁾	1,103,337
Chairman of the Board ⁽⁵⁾	2022	312,992	—	463,111	448,806	1,224,909
	2021	298,088	—	329,283	450,713	1,078,084
Jeffrey A. Gould	2023	—	—	310,366	479,979 ⁽⁹⁾	790,345
Senior Vice President ⁽⁵⁾	2022	—	—	463,111	448,806	911,917
	2021	—	—	329,283	450,713	779,995
Isaac Kalish	2023	—	—	167,437	160,177 ⁽⁹⁾	327,614
Senior Vice President and Chief Financial Officer ⁽⁵⁾⁽⁶⁾						

- (1) Reflects bonuses paid in 2024, 2023 and 2022 for services rendered in 2023, 2022 and 2021, respectively.
- (2) Represents RSUs and restricted stock granted in 2023, 2022 and 2021 at the grant date fair value of such awards calculated in accordance with Item 402 of Regulation S-K and Accounting Standards Codification Topic 718—Stock Compensation. These amounts do not correspond to the actual values that will be realized by the named executives. Grant date fair value assumptions are consistent with those disclosed in Note 11 — Stockholders' Equity – Stock Based Compensation, in the consolidated financial statements included in our Annual Report. See “ — *Grant of Plan Based Awards During 2023*” for additional information as to the grant date fair value of the RSUs. On January 12, 2024, we granted: (a) 21,750 and 17,100 shares of restricted stock to Messrs. Callan and Ricketts, respectively, with a grant date fair value of \$469,800 and \$369,360, respectively; and (b) 7,500 shares of restricted stock to each of Messrs. D. Kalish and I. Kalish with a grant date fair value of \$162,000 and \$162,000 and 12,000 shares to each M. Gould and J. Gould, each with a grant date fair value of \$259,200.
- (3) Excludes dividends and dividend equivalents paid or payable on stock and similar awards as such amounts are reflected in the grant date fair value of such awards.
- (4) All compensation received by Messrs. Callan and Ricketts is paid solely and directly by us.
- (5) Other than the Equity Awards granted this person and the fees paid to Matthew J. Gould for serving as Chairman: (a) we did not pay, nor were we allocated, any portion of such person's base salary, bonus, defined contribution plan payments or perquisites in 2023, 2022 and 2021; and (b) the services of these individuals are provided to us pursuant to the C&SA.
- (6) David Kalish served in such positions through June 13, 2023 at which point Isaac Kalish succeeded him in such positions. D. Kalish currently serves as Senior Vice President-Financial.
- (7) This amount was previously reported in this proxy statement as compensation for the Chairman of the Board of Directors under “*Governance of the Company — Compensation of Directors.*”
- (8) Includes a \$49,500 contribution to our defined contribution plan and perquisites aggregating \$24,607, of which \$18,682 represents an automobile allowance and related insurance, maintenance, and repairs and \$5,925 represents the annual premium for additional disability insurance. Approximately \$1.3 million has accumulated for this individual pursuant to our defined contribution plan.
- (9) Represents the amounts Majestic allocated to such person for services he performed on our behalf and does not represent the amount paid to such person for such services. See “*Executive Compensation — Compensation Program*” and “*Certain Relationships and Related Transactions.*”
- (10) Includes a contribution of \$49,500 to our defined contribution plan and perquisites of \$13,805, representing an automobile allowance and related expenses. Approximately \$1.6 million has accumulated for this individual pursuant to our defined contribution plan.

Grant Of Plan Based Awards During 2023

The following table summarizes information regarding awards of restricted stock and RSUs granted in 2023 pursuant to our 2022 Incentive Plan:

Name	Grant Date ⁽¹⁾	Grant Type	Estimated Future Payouts under Equity Incentive Plan Awards: Maximum (#) ⁽²⁾	All Other Stock Awards: Number of Shares of Stocks or Units (#) ⁽³⁾	Grant Date Fair Value of Stock Awards (\$) ⁽⁴⁾
Patrick J. Callan, Jr.	1/5/23	RS ⁽³⁾	—	21,750	480,458
	6/22/23	RSU-TSR ⁽⁵⁾	7,500	—	90,900
	6/22/23	RSU-ROC ⁽⁶⁾	7,500	—	81,402
David W. Kalish	1/5/23	RS ⁽³⁾	—	10,670	235,700
	6/22/23	RSU-TSR ⁽⁵⁾	2,750	—	33,330
	6/22/23	RSU-ROC ⁽⁶⁾	2,750	—	29,850
Lawrence G. Ricketts, Jr.	1/5/23	RS ⁽³⁾	—	17,100	377,739
	6/22/23	RSU-TSR ⁽⁵⁾	6,000	—	72,720
	6/22/23	RSU-ROC ⁽⁶⁾	6,000	—	65,126
Matthew J. Gould	1/5/23	RS ⁽³⁾	—	10,670	235,700
	6/22/23	RSU-TSR ⁽⁵⁾	3,250	—	39,390
	6/22/23	RSU-ROC ⁽⁶⁾	3,250	—	35,276
Jeffrey A. Gould	1/5/23	RS ⁽³⁾	—	10,670	235,700
	6/22/23	RSU-TSR ⁽⁵⁾	3,250	—	39,390
	6/22/23	RSU-ROC ⁽⁶⁾	3,250	—	35,276
Isaac Kalish	1/5/23	RS ⁽³⁾	—	5,500	121,495
	6/22/23	RSU-TSR ⁽⁵⁾	2,000	—	24,240
	6/22/23	RSU-ROC ⁽⁶⁾	2,000	—	21,702

- (1) The awards granted by the compensation committee on June 22, 2023 are deemed to have been granted on July 1, 2023 for financial statement reporting purposes.
- (2) Represents the maximum number of shares underlying RSUs that will be issued if all the applicable market and performance conditions are met. There are no voting rights associated with these RSUs. Upon vesting, the recipients are entitled to the dividends that would have been paid on the shares underlying the RSUs had such shares been outstanding during the measurement period.
- (3) Reflects restricted stock awards. These shares generally vest, on a cliff vesting basis, five years from the grant date, subject to such persons continued relationship with us. The holder is entitled to vote such shares and retain the dividends paid thereon unless such shares are forfeited, in which case the right to vote and receive dividends in the future terminates.
- (4) The grant date fair value, as determined pursuant to ASC Topic 718, of the restricted stock, RSU – TSR and RSU – ROC awards are \$22.09, \$12.12 and \$10.85, respectively, per share. These amounts do not correspond to the actual values that will be realized by the executives. The aggregate grant date fair value for the RSU-ROC awards give effect to management’s assessment of the probable outcome as to whether, and the extent to which, the RSU-ROCs will vest.
- (5) Represents shares underlying RSUs that are earned as of June 30, 2026 if, and to the extent, a market condition (*i.e.*, average of annual total stockholder return, as calculated pursuant to the award agreement) is satisfied. If the average of our annual total stockholder return on our common stock from July 1, 2023 through June 30, 2026, equals or exceeds 11.0%, all the shares underlying such RSUs vest; is less than 6.0%, no shares vest; and equals or is more than 6.0% and less than 11.0%, a *pro rata* portion of the shares underlying such RSUs vest.
- (6) Represents shares underlying RSUs that are earned as of June 30, 2026 if, and to the extent, a performance condition (*i.e.*, average annual return on capital, as calculated pursuant to the award agreement and as summarized below) is satisfied. If the average of our annual return on capital (as described below) from July 1, 2023 through June 30, 2026 equals or is more than 8.75%, all the shares underlying such RSUs vests; is less than 6.0%, no shares vest; and equals or is more than 6.0% but is less than 8.75%, a *pro rata* portion of the shares underlying such RSUs vest. Return on capital means adjusted funds from operations, as described below, divided by average capital, as described below. Adjusted funds from operations is determined by using funds from operations as determined in accordance with the NAREIT definition, adjusted for straight-line rent accruals and amortization of lease intangibles, and adding and deducting gains and losses on sales of properties. Average capital is stockholders’ equity, plus depreciation and amortization, adjusted for intangibles, as measured over the applicable periods.

Outstanding Equity Awards At Fiscal Year End

The following table provides information as of December 31, 2023 about the outstanding equity awards held by our named executive officers:

Name	Stock Awards			
	Number of Shares of Restricted Stock That Have Not Vested (#)	Market Value of Shares of Restricted Stock That Have Not Vested (\$) ⁽¹⁾	Equity Incentive Plan Awards: Number of Shares Subject to RSUs That Have Not Vested (#) ⁽²⁾	Equity Incentive Plan Awards: Market or Payout Value of Shares Subject to RSUs That Have Not Vested (\$) ⁽¹⁾⁽²⁾⁽³⁾
Patrick J. Callan, Jr. ⁽⁴⁾	108,250	2,371,758	44,500	974,995
David W. Kalish ⁽⁵⁾	53,010	1,161,449	16,000	350,560
Lawrence G. Ricketts, Jr. ⁽⁶⁾	85,000	1,862,350	35,500	777,805
Matthew J. Gould ⁽⁷⁾	53,010	1,161,449	18,500	405,335
Jeffrey A. Gould ⁽⁷⁾	53,010	1,161,449	18,500	405,335
Isaac Kalish ⁽⁸⁾	24,250	531,318	12,000	262,920

- (1) Market value represents the product of the closing price of our common stock as of December 29, 2023 (*i.e.*, \$21.91) and the number of shares subject to such award.
- (2) Assumes that all of the RSUs vest.
- (3) If the measurement and vesting dates were December 31, 2023, 56.7% of the RSUs would have vested.
- (4) With respect to this individual, 21,250, 21,750, 21,750, 21,750 and 21,750 shares of restricted stock vest in January 2024, 2025, 2026, 2027 and 2028, respectively, and upon satisfaction of specified conditions, up to 14,500, 15,000 and 15,000 shares subject to RSUs vest in June 2024, 2025 and 2026, respectively.
- (5) With respect to this individual, 10,330, 10,670, 10,670, 10,670 and 10,670 shares of restricted stock vest in each of January 2024, 2025, 2026, 2027 and 2028, respectively, and upon satisfaction of specified conditions, up to 5,000, 5,500 and 5,500 shares subject to RSUs vest in June 2024, 2025 and 2026, respectively.
- (6) With respect to this individual, 16,600, 17,100, 17,100, 17,100 and 17,100 shares of restricted stock vest in January 2024, 2025, 2026, 2027 and 2028, respectively, and upon satisfaction of specified conditions, up to 11,500, 12,000 and 12,000 shares subject to RSUs vest in June 2024, 2025 and 2026, respectively.
- (7) With respect to this individual, 10,330, 10,670, 10,670, 10,670 and 10,670 shares of restricted stock vest in each of January 2024, 2025, 2026, 2027 and 2028, respectively, and upon satisfaction of specified conditions, up to 5,500, 6,500 and 6,500 shares subject to RSUs vest in June 2024, 2025 and 2026, respectively.
- (8) With respect to this individual, 4,500, 4,750, 4,750, 4,750 and 5,500 shares of restricted stock vest in each of January 2024, 2025, 2026, 2027 and 2028, respectively, and upon satisfaction of specified conditions, up to 4,000, 4,000 and 4,000 shares subject to RSUs vest in June 2024, 2025 and 2026, respectively.

Option Exercises And Stock Vested

The following table sets forth information regarding the shares of restricted stock and shares underlying RSUs that vested in 2023:

Name	Stock Awards	
	Number of Shares Acquired on Vesting (#) ⁽¹⁾	Value Realized on Vesting (\$) ⁽²⁾
Patrick J. Callan, Jr.	34,000	\$766,008
David W. Kalish	14,500	331,555
Lawrence G. Ricketts, Jr.	27,100	610,403
Matthew J. Gould	14,700	335,619
Jeffrey A. Gould	14,700	335,619
Isaac Kalish	8,500	189,415

- (1) Includes 13,750, 4,550, 11,000, 4,750, 4,750 and 4,000 shares underlying RSUs for Messrs. Callan, D. Kalish, Ricketts, M. Gould, J. Gould and I. Kalish, respectively, that vested upon achieving specified levels of average annual total stockholder return and return of capital.

- (2) Reflects the aggregate market value of the shares that vested as of the applicable vesting date. The closing market price of a share of our common stock on the vesting date of the (a) restricted stock awards (*i.e.*, January 17, 2023) was \$24.03 and (b) RSUs (*i.e.*, June 30, 2023) was \$20.32.

Potential Payments Upon Termination or Change-in-Control

We do not provide for any post-employment benefits to our named executive officers other than their entitlement to the benefits payable pursuant to our defined contribution pension plan and the accelerated vesting of our restricted stock awards and RSUs as a result of death, disability, retirement or a change of control. See “—*Components of Executive Compensation — Employment and Severance Agreements; Post Employment Benefits; Change of Control.*” The following table sets forth the value (based on our closing stock price of \$21.91 per share as of December 29, 2023) of equity awards that would vest upon the occurrence of the specified events as of December 31, 2023:

Name	Upon Death, Disability or Retirement ⁽¹⁾		Upon a Change of Control	
	Restricted Stock (\$)	RSUs (\$) ⁽²⁾	Restricted Stock (\$)	RSUs (\$)
Patrick J. Callan, Jr. ⁽³⁾	2,371,758	484,981	2,371,758	755,696
David W. Kalish	1,161,449	172,035	1,161,449	270,150
Lawrence G. Ricketts, Jr. ⁽³⁾	1,862,350	386,156	1,862,350	602,366
Matthew J. Gould	1,161,449	195,832	1,161,449	310,305
Jeffrey A. Gould	1,161,449	195,832	1,161,449	310,305
Isaac Kalish	531,318	131,767	531,318	204,440

- (1) Because D. Kalish has reached the age of 65 and has satisfied the period of service requirements, upon his retirement, a *pro rata* portion of the RSUs vest (assuming satisfaction of performance and market conditions as of the end of applicable performance cycle) and all of the restricted stock owned by him would vest upon his retirement as of December 31, 2023; the market value of such person’s restricted stock awards and RSUs are reflected in the applicable column.
- (2) Assumes that the maximum level of market and performance conditions is achieved at the end of the applicable performance cycle. See “— *Outstanding Equity Awards at Fiscal Year End.*”
- (3) See “— *Summary Compensation Table*” for information regarding the amount accumulated for this individual pursuant to our defined contribution plan.

Our incentive plans generally provide, among other things, that if any payment or benefit that a participant in such plan would otherwise receive from us pursuant thereto constitutes a “parachute payment” within the meaning of Section 280G of the Code and as a result be subject to the excise tax imposed by Section 4999 of the Code (the “Excise Tax”), then such payment will be reduced to an amount equal to (1) the largest portion of such payment that would result in no portion of such payment (after reduction) being subject to the Excise Tax or (2) the entire payment, whichever amount after taking into account all applicable taxes (including the Excise Tax), results in such participant’s receipt, on an after-tax basis, of the greatest amount of such payment.

PAY RATIO

As required by and in accordance with the Dodd-Frank Act and the regulations promulgated thereunder, we provide below a reasonable estimate of the relationship of the annual total compensation of Mr. Patrick J. Callan, Jr., our Chief Executive Officer and President, to the median annual total compensation of our employees (other than the CEO). For 2023:

- the annual total compensation of our CEO, as reported in the *Summary Compensation Table*, was \$1,781,302;
- the median annual total compensation of all our employees (other than our CEO) was \$288,105; and
- our CEO's annual total compensation was approximately 6.2 times that of the median of the annual total compensation of all our employees (other than our CEO).

In calculating this estimate, we included as our employees as of the December 31, 2023 measurement date, all those individuals to whom we are required by the Internal Revenue Code of 1986, as amended, to issue a W-2. We identified our median employee by calculating our employees' total annual compensation in the same manner that the CEO's total annual compensation is calculated for the Summary Compensation Table.

SEC rules allow companies to adopt a variety of methodologies and apply various assumptions in presenting this ratio. As a result, the pay ratio reported by other companies may not be comparable to the pay ratio we report.

PAY VERSUS PERFORMANCE

The following table sets forth information concerning the compensation of Patrick J. Callan, Jr., our principal executive officer (“PEO”), and our other named executive officers (*i.e.*, Lawrence G. Ricketts, Jr., David W. Kalish, Isaac Kalish (for 2023 only), Matthew J. Gould and Jeffrey A. Gould, referred to collectively as the “NEOs”) for each of 2023, 2022 and 2021, and our financial and market performance for each such year:

Year	Summary Compensation Table Total for PEO (\$) ⁽¹⁾	Compensation Actually Paid to PEO ⁽²⁾ (\$)	Average Summary Compensation Table Total for NEOs (\$)	Average Compensation Actually Paid to NEOs ⁽¹⁾⁽³⁾ (\$)	Value of Initial Fixed \$100 Investment Based On:	Net Income (millions) (\$) ⁽⁴⁾
					Total Stockholder Return (\$)	
2023	1,781,302	1,639,769	801,776	740,588	136.58	29.6
2022	2,112,809	125,072	1,068,536	8,248	127.04	42.2
2021	1,843,763	4,473,940	909,241	2,281,628	187.34	38.9

- (1) See Note 3 to the Summary Compensation Table for information regarding the treatment of dividends and dividend equivalents payable on stock and similar awards.
- (2) Represents the “compensation actually paid” to Mr. Callan as computed in accordance with SEC requirements. Such amounts do not reflect the actual amount of compensation earned by or paid to Mr. Callan. See table immediately below for a reconciliation showing how “compensation actually paid” was calculated.
- (3) Represents the average amount of “compensation actually paid” to the NEOs as a group as computed in accordance with SEC requirements. Such amounts do not reflect the actual average amount of compensation earned by or paid to these NEOs as a group. See “– Compensation of NEOs.”
- (4) Represents net income attributable to One Liberty Properties, Inc.

In accordance with SEC requirements, the following adjustments were made to Mr. Callan’s total compensation for the applicable year to determine his “compensation actually paid”:

Year	Reported Summary Compensation Table Total for PEO (\$)	Reported Value of Equity Awards (\$)	Equity Award Adjustments (\$)	Compensation Actually Paid to PEO (\$)
2023	1,781,302	(652,760)	511,227	1,639,769
2022	2,112,809	(971,731)	(1,016,006)	125,072
2021	1,843,763	(738,334)	3,368,511	4,473,940

The table below sets forth the manner in which Equity Award Adjustments in the immediately preceding table were calculated (see footnotes (1) – (6) above for the assumptions made in the valuations that differ materially from those disclosed as of the grant date of such equity awards:

Year	Year End Fair Value of Equity Awards (\$)	Year over Year Change in Fair Value of Outstanding and Unvested Equity Awards (\$)	Year over Year Change in Fair Value of Equity Awards Granted in Prior Years that Vested in the Year (\$)	Total Equity Award Adjustments (\$)
2023	663,011 ⁽¹⁾	(127,592) ⁽²⁾	(24,192) ⁽³⁾	511,227
2022	675,599 ⁽⁴⁾	(1,486,618) ⁽⁵⁾	(204,987) ⁽⁶⁾	(1,016,006)
2021	1,194,371 ⁽⁷⁾	1,905,106 ⁽⁸⁾	269,034 ⁽⁹⁾	3,368,511

- (1) With respect to the 2023 RSU-ROCs, assumes that as of (i) the grant date, 53% of such awards would vest and (ii) year-end, 51% of such awards would vest.

- (2) With respect to the (A) 2022 RSU-ROCs, assumes that as of (i) year-end 2023, 67% of such awards would vest and (ii) year-end 2022, 69% of such awards would vest and (B) 2021 RSU-ROCs, assumes that as of (i) year-end 2023, 100% of such awards would vest and (ii) year-end 2022, 100% of such awards would vest.
- (3) With respect to the 2020 RSU-ROCs, which vested in 2023, assumes that as of year-end 2022, 100% of such awards would vest, which is the amount that actually vested.
- (4) With respect to the 2022 RSU-ROCs, assumes that as of (i) the grant date, 63% of such awards would vest and (ii) year-end, 69% of such awards would vest.
- (5) With respect to the (A) 2021 RSU-ROCs, assumes that as of (i) year-end 2022, 100% of such awards would vest and (ii) year-end 2021, 97% of such awards would vest and (B) 2020 RSU-ROCs, assumes that as of (i) year-end 2022, 100% of such awards would vest and (ii) year-end 2021, 100% of such awards would vest.
- (6) With respect to the 2019 RSU-ROCs which vested in 2022, assumes that as of year-end 2021, 100% of such awards would vest, which is the amount that actually vested.
- (7) With respect to the 2021 RSU-ROCs, assumes that as of (i) the grant date, 84% of such awards would vest and (ii) year-end 2021, 97% of such awards would vest.
- (8) With respect to the (A) 2020 RSU-ROCs, assumes that as of (i) year-end 2021, 100% of such awards would vest, and (ii) year-end 2020, 83% of such awards would vest and (B) 2019 RSU-ROCs, assumes that as of (i) year-end 2021, 100% of such awards would vest and (ii) year-end 2020, 67% of such awards would vest.
- (9) With respect to the 2018 RSU-ROCs which vested in 2021, assumes that as of year-end 2020, 73% of such awards would vest, as compared to 100% which actually vested.

Compensation of NEO's

In accordance with SEC requirements, the following adjustments were made to average total compensation for the NEOs for each year to determine the “compensation actually paid” to this group.

Year	Average Reported Summary Compensation Table Total for NEOs (\$)	Average Reported Value of Equity Awards (\$)	Average Equity Award Adjustments (\$) ⁽¹⁾	Average Compensation Actually Paid to NEOs (\$)
2023 ⁽²⁾⁽³⁾	801,776	(320,527)	259,339	740,588
2022 ⁽³⁾	1,068,536	(535,183)	(525,105)	8,248
2021 ⁽³⁾	909,241	(390,036)	1,762,423	2,281,628

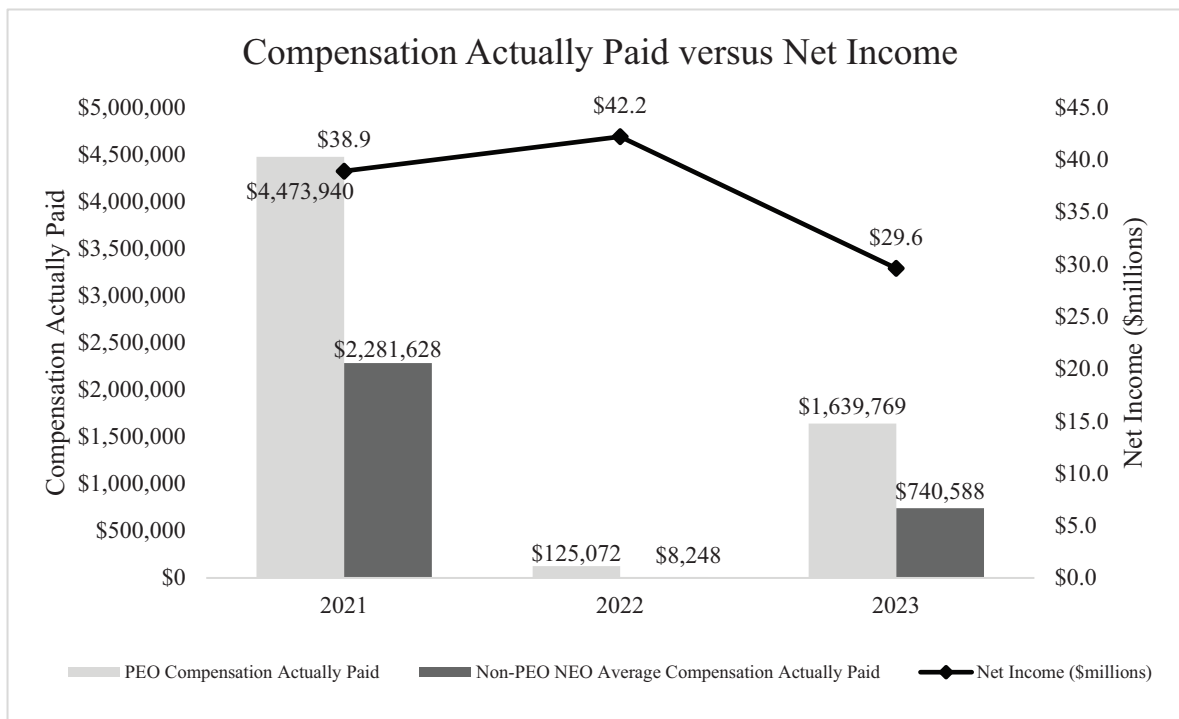
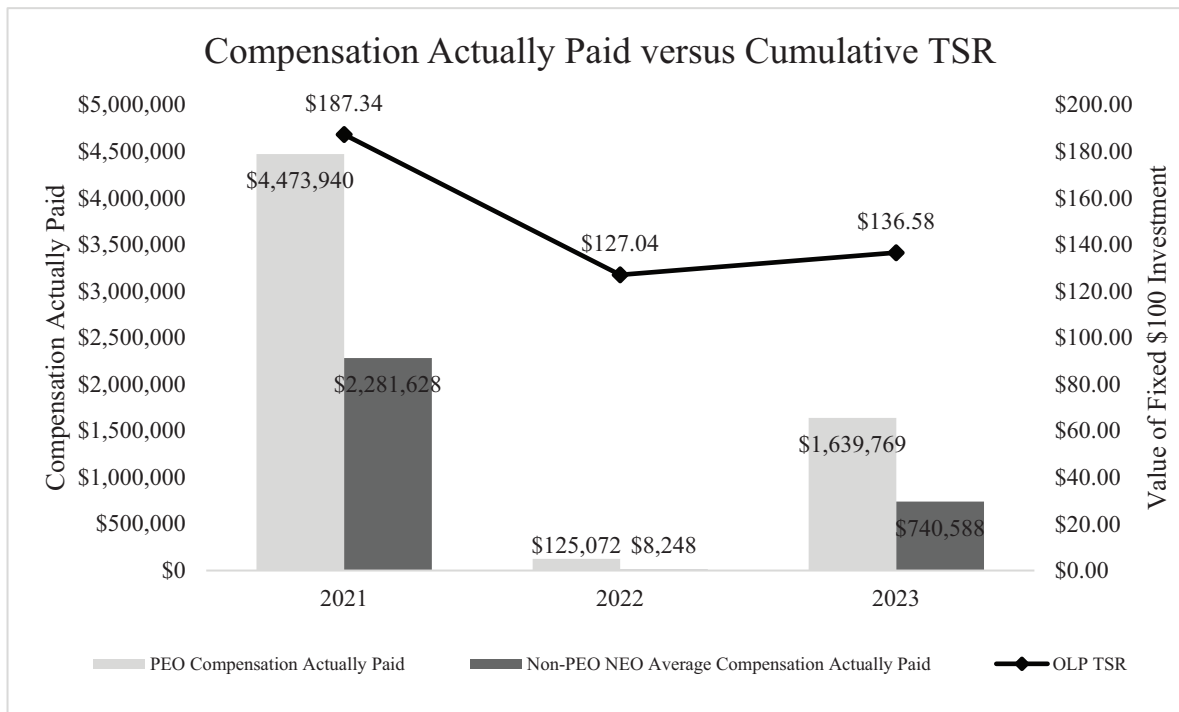
- (1) Although the vesting of David Kalish's restricted stock would accelerate upon his retirement, as he has not retired, and consistent with the disclosure elsewhere in this proxy statement (except as otherwise indicated), we have not accelerated the vesting of such awards.
- (2) The amount for 2023 includes David W. Kalish and Isaac Kalish, as each served as our chief financial officer for part of 2023.
- (3) The results for 2022 and 2021 have been reclassified to present Jeffrey A. Gould instead of Fredric H. Gould. The results for 2022 and 2021 do not include Isaac Kalish as his service as chief financial officer began in June 2023.

The table below sets forth the manner in which Average Equity Award Adjustments in the immediately preceding table were calculated (see footnotes (1) – (6) above for the assumptions made in the valuations that differ materially from those disclosed as of the grant date of such equity awards):

Year	Average Year End Fair Value of Equity Awards (\$)	Year over Year Average Change in Fair Value of Outstanding and Unvested Equity Awards (\$)	Year over Year Average Change in Fair Value of Equity Awards Granted in Prior Years that Vested in the Year (\$)	Total Average Equity Award Adjustments (\$)
2023	325,079	(58,294)	(7,446)	259,339
2022	370,568	(801,630)	(94,043)	(525,105)
2021	635,632	1,005,318	121,473	1,762,423

Relationship to Compensation Actually Paid

The following charts show the relationship of the compensation actually paid to our PEO and the average compensation actually paid to our NEOs to our cumulative total stockholder return and net income for the periods indicated (TSR amounts in the graph assume an initial fixed investment of \$100 and that all dividends, if any, are reinvested):



CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Background

In 2023 and 2022,

- Matthew J. Gould, Chairman of our Board of Directors, served as a Senior Vice President and director of BRT Apartments Corp., as Chairman of the Board and Chief Executive Officer (or Manager) of the managing general partner of Gould Investors (which as of March 22, 2024 owned approximately 10.5% of our outstanding shares of common stock), and as a Vice President of Majestic;
- Fredric H. Gould, Vice Chairman of our Board of Directors, served as a director of BRT Apartments, as sole stockholder of Majestic and, through December 31, 2022, as a director and sole stockholder of the managing general partner of Gould Investors; and
- Jeffrey A. Gould, a Director and Senior Vice President of our company, served as a Director, President and Chief Executive Officer of BRT Apartments, and as a Senior Vice President and Director (or Manager) of the managing general partner of Gould Investors.

Matthew J. Gould and Jeffrey A. Gould are brothers and the sons of Fredric H. Gould. In addition, David W. Kalish, Mark H. Lundy, Israel Rosenzweig and Isaac Kalish, each of whom is an executive officer of our company, are officers of BRT Apartments and of the corporate managing general partner of Gould Investors. Isaac Kalish, David Kalish's son, and Steven Rosenzweig, Israel Rosenzweig's son, are employed by our affiliates.

Related Party Transactions

Pursuant to the C&SA, Majestic provides us with the Services. In accordance with such agreement, we paid Majestic, \$3,317,000 and \$3,067,000 in 2023 and 2022, respectively, which included \$1,510,000 and \$1,346,000 for property management services, respectively. In 2024, we will pay Majestic \$1,879,000 and in addition, for its property management services, will pay it 1.5% and 2.0% of the rental payments (including tenant reimbursements and deferred rent) actually received by us from net lease tenants and operating lease tenants, respectively. We will not pay Majestic property management fees with respect to properties managed by third parties. Based on our property portfolio at December 31, 2023, we estimate that the property management fee in 2024 will be approximately \$1.4 million. Majestic may earn a profit from payments made to it under such agreement. In addition, under this agreement, we also paid Majestic \$317,000 in each of 2023 and 2022 and will pay Majestic \$336,151 in 2024, as reimbursement for our share of direct office expenses, including rent, telephone, postage, computer services, internet usage and supplies. Majestic is wholly owned by the vice chairman of our board, and certain of our part-time officers, including our part-time named executive officers, are officers of, and receive compensation from, Majestic.

Our part-time officers also receive compensation from other companies affiliated with us for services unrelated to us. Majestic allocated an aggregate of \$1,840,000 and \$1,713,000 to the following officers (some of whom are also officers of Majestic and other affiliated companies) for the services they performed on our behalf in 2023 and 2022, respectively: Mark H. Lundy, \$304,000 and \$290,000; Israel Rosenzweig, \$62,000 and \$62,000; Isaac Kalish, \$160,000 and \$141,000; and Steven Rosenzweig, \$99,000 and \$85,000. See *"Executive Compensation - Summary Compensation Table"* for amounts allocated to Messrs. M. Gould, J. Gould and D. Kalish. (No amounts allocated by Majestic were allocated to Frederic H. Gould and as previously reported in this proxy statement under *"Governance of the Company — Compensation of Directors,"* he received \$125,197 in each of 2023 and 2022 for serving as Vice Chairman of the Board of Directors). The allocated amounts do not represent the amounts paid to such individuals which may be greater or less than the allocated amounts. These individuals also received compensation in 2023 and 2022 from our other affiliates, including BRT Apartments and Gould Investors, as well as other entities owned by Fredric H. Gould and/or members of his family, none of which provided services to us in 2023 or 2022. See *"Executive Compensation - Compensation of Part-Time Named Executive Officers"* for information regarding the determination of amounts paid by Majestic to these officers.

We obtain our property insurance in conjunction with Gould Investors and its affiliates and in 2023 and 2022, we reimbursed Gould \$1,093,000 and \$586,000, respectively, for our share of the insurance premiums.

During 2023 and 2022, \$2,499,000 and \$2,572,000, respectively, of non-cash compensation expense relating to the restricted stock and RSUs held by our part-time executive officers and employees (who may also be compensated by Majestic or its affiliates), was charged to our operations. See “*Executive Compensation-Compensation Program — Background*”. The grant date fair value of the shares of restricted stock and RSUs awarded in 2023 and 2022 to persons performing services for us pursuant to the C&SA is \$2,053,000 and \$3,011,000, respectively. The grant date fair value of such awards in 2023 and 2022, respectively, to these individuals is as follows: Fredric H. Gould, \$298,880 and \$447,249; Mark H. Lundy, \$299,000 and \$447,000; Israel Rosenzweig, \$84,000 and \$125,000; Isaac Kalish, \$167,000 and \$224,000; and Steven Rosenzweig, \$100,000 and \$125,000.

PROPOSAL 2

ADVISORY APPROVAL OF THE COMPENSATION OF EXECUTIVES

Section 14A of the Exchange Act (“Section 14A”) requires that we seek a non-binding advisory vote from our stockholders to approve the compensation awarded to our named executive officers as disclosed in this proxy statement. Although the advisory vote is non-binding, the compensation committee and the Board will review the results of the vote and will consider our stockholders’ concerns and take them into account in future determinations concerning our executive compensation program. The Board of Directors recommends that you indicate your support for our compensation policies and procedures for our named executive officers, as outlined in the resolution below. Accordingly, the following resolution will be submitted for a stockholder vote at the Annual Meeting:

RESOLVED, that the stockholders approve, on an advisory basis, the compensation of the individuals identified in the Summary Compensation Table, as disclosed in the proxy statement for the Company’s 2024 annual meeting of stockholders.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE IN FAVOR OF THE ADOPTION OF THIS RESOLUTION.

PROPOSAL 3

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

General

The audit committee and the board of directors is seeking ratification of the appointment of E&Y as our independent registered public accounting firm for 2024. A representative of E&Y is expected to be present at our annual meeting and will have the opportunity to make a statement if he or she desires to do so and will be available to respond to appropriate questions.

We are not required to have our stockholders ratify the selection of E&Y as our independent registered public accounting firm. We are doing so because we believe it is good corporate practice. If the stockholders do not ratify the selection, the audit committee will reconsider whether or not to retain E&Y, but may, in its discretion, decide to retain such independent registered public accounting firm. Even if the selection is ratified, the audit committee, in its discretion, may change the appointment at any time during the year if it determines that such a change would be in our and our stockholders' interests.

THE BOARD OF DIRECTORS RECOMMENDS THAT STOCKHOLDERS VOTE FOR RATIFICATION OF THE APPOINTMENT OF ERNST & YOUNG LLP AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR 2024.

Audit and Other Fees

The following table presents E&Y's fees for the services and years indicated:

	<u>2023</u>	<u>2022</u>
Audit fees ⁽¹⁾	\$842,500	\$839,615
Audit-related fees	—	—
Tax fees ⁽²⁾	18,400	17,600
All other fees	—	—
Total fees	<u>\$860,900</u>	<u>\$857,215</u>

(1) Includes fees for audit services and related expenses associated with the annual audit of our consolidated financial statements, including reviews of our quarterly reports, comfort letters, consents, review of documents filed with the SEC.

(2) Tax fees consist of fees for certain tax compliance services and tax advice.

The audit committee has concluded that the provision of non-audit services listed above is compatible with maintaining the independence of E&Y.

Pre-Approval Policy for Audit and Non-Audit Services

The audit committee must pre-approve all audit and non-audit services involving our independent registered public accounting firm.

In addition to the audit work necessary for us to file required reports under the Exchange Act (*i.e.*, quarterly reports on Form 10-Q and annual reports on Form 10-K), our independent registered public accounting firm may perform non-audit services, other than those prohibited by the Sarbanes-Oxley Act of 2002, provided they are approved in advance by the audit committee. The audit committee approved all audit and non-audit services performed by our independent registered public accounting firm in 2023 and 2022.

REPORT OF THE AUDIT COMMITTEE

The role of the audit committee is to select and engage our independent registered public accounting firm and to oversee and monitor, among other things, our financial reporting process and the independence and performance of the independent registered public accounting firm. It is the responsibility of management to prepare financial statements in accordance with generally accepted accounting principles and of the independent registered public accounting firm to perform an independent audit of the financial statements and to express an opinion on the conformity of those financial statements with generally accepted accounting principles.

In performing its duties, the audit committee:

- reviewed and discussed the Company’s audited consolidated financial statements for the year ended December 31, 2023 (the “Audited Financial Statements”) with management and the independent registered public accounting firm;
- discussed with the independent registered public accounting firm the matters required to be discussed by applicable requirements of the Public Company Accounting Oversight Board (the “PCAOB”);
- received from E&Y the written disclosures and the letter from E&Y regarding E&Y’s independence required by the applicable requirements of the PCAOB, and discussed with such firm its independence; and
- based on the reviews and discussions referred to above, the audit committee recommended that the Audited Financial Statements be included in our Annual Report on Form 10-K for the year ended December 31, 2023 for filing with the SEC.

Respectfully submitted,

Leor Siri, Chair
J. Robert Lovejoy
Karen A. Till

ADDITIONAL INFORMATION AND NOTICE OF INTERNET AVAILABILITY OF PROXY MATERIALS

As of the date of this proxy statement, we do not know of any business that may properly be presented for consideration at the meeting other than the items referred to in the Notice of the Meeting. Subject to applicable law, if any other matter is properly brought before the meeting for action by stockholders, the holders of the proxies will vote and act with respect to the business in accordance with their best judgment and discretionary authority to do so is conferred by the enclosed proxy.

Our corporate governance guidelines, code of business conduct and ethics and the charter for each of our audit, compensation and nominating committees are available at the corporate governance section of our website at: <https://1liberty.com/investor-relations/corporate-governance>.

Copies of such documents may be obtained without charge by writing to us at 60 Cutter Mill Road, Suite 303, Great Neck, NY 11021, Attn: Office of the Corporate Secretary.

This proxy statement (including the notice of meeting), the proxy card and our Annual Report are available at <http://1liberty.com/annualmeetingmaterials.pdf>.

Great Neck, NY
April 22, 2024

By order of the Board of Directors

A handwritten signature in black ink, appearing to read 'S. Asher Gaffney', with a long horizontal line extending to the right.

S. Asher Gaffney,
Vice President and Corporate Secretary

□



ONE LIBERTY PROPERTIES, INC.
PROXY FOR THE ANNUAL MEETING OF STOCKHOLDERS
JUNE 10, 2024

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

The undersigned hereby appoints Mark H. Lundy and Asher Gaffney, and each of them, as proxies for the undersigned, each with the power to act without the other and with the power to appoint his substitute, and hereby authorizes them to attend the Annual Meeting of Stockholders of One Liberty Properties, Inc., a Maryland corporation (the “Company”), to be held on June 10, 2024, at 9:00 AM New York City time, and any adjournments or postponements thereof, and to cast on behalf of the undersigned all votes that the undersigned is entitled to cast at such meeting and otherwise to represent the undersigned at the meeting with all powers possessed by the undersigned if personally present at the meeting. The undersigned hereby acknowledges receipt of the Notice of such meeting and of the accompanying Proxy Statement, the terms of each of which are incorporated herein by reference, and revokes any proxy heretofore given with respect to such meeting.

(TO BE SIGNED ON REVERSE SIDE)

ANNUAL MEETING OF STOCKHOLDERS OF ONE LIBERTY PROPERTIES, INC.

June 10, 2024

PROXY VOTING INSTRUCTIONS

INTERNET - Access "www.voteproxy.com" and follow the on-screen instructions or scan the QR code with your smartphone. Have your proxy card available when you access the web page.



TELEPHONE - Call toll-free **1-800-PROXIES** (1-800-776-9437) in the United States or **1-201-299-4446** from foreign countries from any touch-tone telephone and follow the instructions. Have your proxy card available when you call.

Vote online/phone until 11:59 PM EDT the day before the meeting.

MAIL - Sign, date and mail your proxy card in the envelope provided as soon as possible.

IN PERSON - You may vote your shares in person by attending the Annual Meeting.

GO GREEN - e-Consent makes it easy to go paperless. With e-Consent, you can quickly access your proxy material, statements and other eligible documents online, while reducing costs, clutter and paper waste. Enroll today via www.astfinancial.com to enjoy online access.

COMPANY NUMBER	
ACCOUNT NUMBER	

NOTICE OF INTERNET AVAILABILITY OF PROXY MATERIAL:
The Notice of Meeting, proxy statement, proxy card and Annual Report to Stockholders are available at <http://1liberty.com/annualmeetingmaterials.pdf>

↓ Please detach along perforated line and mail in the envelope provided IF you are not voting via telephone or the Internet. ↓

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PLEASE SIGN, DATE AND RETURN PROMPTLY IN THE ENCLOSED ENVELOPE. PLEASE MARK YOUR VOTE IN BLUE OR BLACK INK AS SHOWN HERE

This Proxy, when properly executed, will be voted in the manner directed by you. If this Proxy is properly executed by you but no direction is made, this Proxy will be voted FOR all nominees named in the accompanying proxy statement and FOR proposals 2 and 3. If any nominee named in this Proxy is unable or unwilling to serve as a director, this proxy will be voted FOR any other nominee designated by the Board of Directors. You are encouraged to specify your choices by marking the appropriate boxes, but you need not mark any boxes if you wish to vote in accordance with the Board of Directors' recommendations. The Proxies cannot vote your shares of common stock unless you sign, date and return this card.

The Board of Directors recommends you vote FOR each of the Director Nominees listed below

1. Election of three Class 1 Directors, as described more fully in the accompanying proxy statement.

NOMINEES:

Edward Gellert

FOR	AGAINST	ABSTAIN
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Fredric H. Gould

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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Leor Siri

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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The Board of Directors recommends you vote FOR Proposals 2 and 3.

2. A proposal to approve, by non-binding vote, executive compensation of the Company for the year ended December 31, 2023, as disclosed in the accompanying proxy statement.

FOR	AGAINST	ABSTAIN
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

3. A proposal to ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for the year ending December 31, 2024.

FOR	AGAINST	ABSTAIN
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

4. The proxies are authorized to vote in their discretion upon such other business as may properly come before the meeting or any adjournment or postponement thereof.

To change the address on your account, please check the box at right and indicate your new address in the address space above. Please note that changes to the registered name(s) on the account may not be submitted via this method.

Signature of Stockholder Date: Signature of Stockholder Date:

Note: Please sign exactly as your name or names appear on this Proxy. When shares are held jointly, each holder should sign. When signing as executor, administrator, attorney, trustee or guardian, please give full title as such. If the signer is a corporation, please sign in full corporate name by duly authorized officer, giving full title as such. If signer is a partnership, please sign in partnership name by authorized person. Please date this Proxy.

ANNUAL MEETING OF STOCKHOLDERS OF
ONE LIBERTY PROPERTIES, INC.

June 10, 2024

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NOTICE OF INTERNET AVAILABILITY OF PROXY MATERIAL:

The Notice of Meeting, proxy statement, proxy card and Annual Report to Stockholders are available at <http://1liberty.com/annualmeetingmaterials.pdf>

Please sign, date and mail
your proxy card in the
envelope provided as soon
as possible.

↓ Please detach along perforated line and mail in the envelope provided. ↓

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PLEASE SIGN, DATE AND RETURN PROMPTLY IN THE ENCLOSED ENVELOPE. PLEASE MARK YOUR VOTE IN BLUE OR BLACK INK AS SHOWN HERE

This Proxy, when properly executed, will be voted in the manner directed by you. If this Proxy is properly executed by you but no direction is made, this Proxy will be voted FOR all nominees named in the accompanying proxy statement and FOR proposals 2 and 3. If any nominee named in this Proxy is unable or unwilling to serve as a director, this proxy will be voted FOR any other nominee designated by the Board of Directors. You are encouraged to specify your choices by marking the appropriate boxes, but you need not mark any boxes if you wish to vote in accordance with the Board of Directors' recommendations. The Proxies cannot vote your shares of common stock unless you sign, date and return this card.

The Board of Directors recommends you vote FOR each of the Director Nominees listed below

1. Election of three Class 1 Directors, as described more fully in the accompanying proxy statement.

NOMINEES:

Edward Gellert

FOR AGAINST ABSTAIN

Fredric H. Gould

Leor Siri

The Board of Directors recommends you vote FOR Proposals 2 and 3.

2. A proposal to approve, by non-binding vote, executive compensation of the Company for the year ended December 31, 2023, as disclosed in the accompanying proxy statement.

FOR AGAINST ABSTAIN

3. A proposal to ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for the year ending December 31, 2024.

FOR AGAINST ABSTAIN

4. The proxies are authorized to vote in their discretion upon such other business as may properly come before the meeting or any adjournment or postponement thereof.

To change the address on your account, please check the box at right and indicate your new address in the address space above. Please note that changes to the registered name(s) on the account may not be submitted via this method.

Signature of Stockholder

Date:

Signature of Stockholder

Date:

Note: Please sign exactly as your name or names appear on this Proxy. When shares are held jointly, each holder should sign. When signing as executor, administrator, attorney, trustee or guardian, please give full title as such. If the signer is a corporation, please sign in full corporate name by duly authorized officer, giving full title as such. If signer is a partnership, please sign in partnership name by authorized person. Please date this Proxy.