

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

FORM 8-K  
CURRENT REPORT

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

**Date of Report (Date of earliest event reported): September 14, 2010**

ONE LIBERTY PROPERTIES, INC.  
(Exact name of Registrant as specified in charter)

<u>Maryland</u>	<u>001-09279</u>	<u>13-3147497</u>
(State or other jurisdiction of incorporation No.)	(Commission file No.) Employer	(IRS I.D.

60 Cutter Mill Road, Suite 303, Great Neck, New York 11021  
(Address of principal executive offices) (Zip code)

516-466-3100  
Registrant's telephone number, including area code

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

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

On September 14, 2010, the Board of Directors of One Liberty Properties, Inc. (the “Company”) approved a Pay-For-Performance Program (the “Program”) pursuant to the Company’s 2009 Incentive Plan (the “Plan”) and made awards of restricted stock units (the “Units”) to ten of the Company’s officers, including all of its named executive officers. The Board awarded an aggregate of 200,000 Units. Each Unit relates to one share of the Company’s common stock, par value \$1.00 per share. The purpose of the Program is to further align the interests of senior management with those of the Company’s stockholders by instituting a long-term “pay-for-performance” structure that encourages the creation of stockholder value. The following summary of the Program is qualified in its entirety by reference to the form of Performance Awards Agreement, a copy of which is filed as an exhibit hereto.

#### Performance Cycle

The Units have a performance cycle of seven years, commencing as of July 1, 2010 and terminating on June 30, 2017. During such seven year period, no dividends shall be paid on the Units and Units shall not provide the holder with any voting rights.

In the event that the performance criteria described below are satisfied in full at June 30, 2017, the completion of the seven year period, each Unit shall vest and one share of the Company’s common stock will be issued for each Unit. In the event that at June 30, 2017, less than the maximum performance criteria described below are satisfied, but in excess of the minimum criteria, a pro-rata portion of the Units will vest and one share of the Company’s common stock will be issued for each Unit that vests. In the event that the performance criteria described below are not satisfied in whole or in part at June 30, 2017, the Units will, with specified exceptions, be forfeited and no shares of the Company’s common stock will be issued.

If any awardee, prior to June 30, 2017, (i) retires (as such term is defined in the Plan), (ii) dies or (iii) becomes disabled (as such term is defined in the Plan) then if:

(a) the performance criteria described below are satisfied in full at June 30, 2017, such awardee, his estate, guardian, or personal representative, as the case may be, shall be entitled to receive such awardee’s pro rata share of the Company’s common stock to be issued;

(b) less than the maximum performance criteria described below are satisfied, but in excess of the minimum criteria, at June 30, 2017, such awardee, his estate, guardian or personal representative, as the case may be, shall be entitled to receive such awardee’s pro rata share of the Company’s common stock to be issued; and

(c) the minimum performance criteria described below is not satisfied, at June 30, 2017, such awardee’s Units shall be forfeited and no shares of the Company’s common stock will be issued.

As used in subsections (a), (b) and (c), “pro-rata” is determined based upon the time period commencing on July 1, 2010 through the date of the awardee’s retirement, death or disability, as the case may be.

In the event a “change of control” (as such term is defined in the Plan) occurs (i) after June 30, 2015, all awarded Units shall automatically vest and the underlying shares of the Company’s common stock will be issued and (ii) before June 30, 2015, a pro-rata number of the awarded Units (pro rata to be determined based upon the time period commencing

July 1, 2010 through the date of the change of control) shall automatically vest and the underlying shares of the Company's common stock shall be issued.

#### Performance Criteria

The number of Units that vest, if any, will be determined by the Compensation Committee as soon as practicable after the completion of the seven year performance cycle using the following criteria:

**Return on Capital:** One-half of the awarded Units, or an aggregate of 100,000 Units, are subject to a return on capital metric averaged for the period from July 1, 2010 – June 30, 2017. In order for all of these Units to vest and the underlying 100,000 shares of the Company's common stock be issued with respect to Units which vest, the average annualized return on capital for the seven year period must be at least 10%. In order for a portion of these Units to vest and underlying shares of the Company's common stock be issued with respect to the Units which vest, the average annualized return on capital for the period must exceed 8%. If the average annualized return exceeds 8%, but is less than 10% for the seven year period, then a pro rata number of Units shall vest and the underlying shares of the Company's common stock with respect to the Units which vest will be issued. Return on capital is based upon AFFO. AFFO is defined as funds from operations (FFO) determined in accordance with the National Association of Real Estate Investment Trusts definition, adjusted for straight-line rent accruals and amortization of lease intangibles. Capital is defined as stockholders' equity, plus depreciation and amortization, adjusted for intangibles.

**Total Stockholder Return:** One-half of the awarded Units, or an aggregate of 100,000 Units, are subject to the Company's total stockholder return averaged for the period from July 1, 2010 – June 30, 2017. Each year commencing on July 1<sup>st</sup> through the following June 30<sup>th</sup>, total stockholder return for such year shall be calculated using the following formula: the closing price per share on the NYSE of the Company's common stock at the end of the measuring period minus the closing price per share on the NYSE of the Company's Common Stock at the start of the measuring period plus all dividends paid during the measuring period divided by the closing price per share on the NYSE of the Company's Common Stock at the start of the measuring period shall equal total stockholders return for the measuring period. Once total stockholders return has been calculated for all of the seven years in the performance cycle, an average of such seven year total stockholders return shall be calculated. In order for all of these Units to vest and the underlying shares of the Company's common stock be issued, the average annualized total stockholders return for the seven year period must be 13%, and for a portion of the Units to vest and the underlying shares of the Company's common stock be issued, the average annualized total stockholder returns for the seven year period must exceed 10.25%. If the average annualized total stockholder return exceeds 10.25%, but is less than 13% for the seven year period, then a pro rata number of Units shall vest and the requisite number of underlying shares of the Company's common stock shall be issued.

#### Holding Period

No more than one-half of the shares of the Company's common stock issued to a Participant pursuant to the Program may be sold within three years of receipt thereof (i.e., prior to June 30, 2020). This holding requirement shall lapse upon a change of control and shall not apply to any Participant who (i) retires from the Company, (ii) dies or (iii) becomes disabled.

### Claw-back Provision

In the event that the Company has or is required to file a Current Report on Form 8-K with respect to a restatement of its financial statements prior to or on the third anniversary of the vesting date and as a result of such restatement, the performance criteria set forth above would not have been satisfied, then the shares of common stock issued which should not have been issued, shall be redeemed by the Company and the Participant, or his guardian, representative, estate or beneficiary shall immediately deliver the applicable certificate or certificates representing such shares to the Company and execute all necessary documents to transfer such shares back to the Company.

### Units Awarded to Named Executive Officers

The Company's Board of Directors approved the following awards to our named executive officers under the Program:

<u>Name and Title</u>	<u>Units Awarded</u>
Patrick J. Callan, Jr. President and Chief Executive Officer	50,000
Lawrence G. Ricketts, Jr. Executive Vice President and Chief Operating Officer	40,000
Fredric H. Gould Chairman of the Board	14,286
David W. Kalish Senior Vice President and Chief Financial Officer	14,285
Mark H. Lundy Senior Vice President and Secretary	14,286

The grant date fair value of the Units awarded, which will be amortized over seven years, has not been finalized, but is estimated to range between \$6.50 and \$9.00 per Unit.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

10.1 Form of Performance Awards Agreement.

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

ONE LIBERTY PROPERTIES,  
INC.

Date: September 15, 2010

By: /s/ Simeon Brinberg  
Simeon Brinberg,  
Senior Vice President

FORM OF  
PERFORMANCE AWARDS AGREEMENT –  
ONE LIBERTY PROPERTIES, INC. AND

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THIS AGREEMENT, is made and entered into on \_\_\_\_\_, 2010 between One Liberty Properties, Inc., a Maryland corporation (“Company”), and \_\_\_\_\_, (“Participant”).

WHEREAS, the Company has established the One Liberty Properties, Inc. 2009 Incentive Plan (“Plan”);

WHEREAS, the Compensation Committee of the Board of Directors (“Committee”) and the Board of Directors has determined to grant, pursuant to Section 8 of the Plan, Performance Awards in the form of restricted stock units (“Units”) to the Participant payable upon the attainment by the Company during the Performance Cycle of the Performance Criteria established by the Committee as set forth in Exhibit A hereto and made part hereof;

WHEREAS, it is intended that this award qualify as performance based compensation for the purposes of Section 162(m) of the Code.

NOW THEREFORE, the parties hereby agree as follows:

1. Definitions. Unless otherwise defined herein, all terms that are used herein that are defined in the Plan shall have the meanings given to such terms in the Plan.
2. Administration. The Performance Awards shall be administered by the Committee with the powers and authority set forth in the Plan.
3. Grant Date. Pursuant to the Plan, the Company on \_\_\_\_\_, 2010 (the “Grant Date”) granted to the Participant a Performance Based Award in the form of \_\_\_\_\_ Units, subject to the terms and conditions of the Plan and subject to the terms and conditions set forth herein.
4. Accounts. Units granted to Participant shall be credited to an account (the “Account”) established and maintained for Participant by the Company. A Participant’s Account shall be the record of Units granted to the Participant under the Plan, is solely for accounting purposes and shall not require a segregation of any Company assets.
5. Terms and Conditions. Except as otherwise provided herein, the Units shall remain non-vested and subject to substantial risk of forfeiture. If the Participant’s employment with the Company terminates for any reason during the Performance Cycle (other than as contemplated by Section 7), the Units shall be forfeited by the Participant and shall be null and void.
6. Issuance of Shares. As soon as practicable after the Units become vested and non-forfeitable, the Participant will be entitled to receive one share (the “Share” or “Shares”) of Company common stock for each vested Unit. In the event that a fraction of a Share would be issued, the number of Shares to be issued shall be rounded to the nearest whole share.

7. Vesting. The Units awarded to the Participant shall, except as otherwise provided herein, become vested and non-forfeitable to the extent, but only to the extent, that the applicable Performance Criteria set forth in Exhibit A have been satisfied at the end of the Performance Cycle (the "Vesting Date"). Notwithstanding the forfeiture provision of Section 5 hereof, the interest of the Participant in the Units shall vest as follows:

(a) a pro rata number of Units upon termination of the Participant's employment due to death, Disability or Retirement (collectively a "DDR Event") during the Performance Cycle, but only with respect to Units that would otherwise have vested at the end of the Performance Cycle. For the purposes of this Section 7(a), the pro rata number of Units that shall vest shall equal the product obtained by multiplying the total number of Units awarded pursuant to this Agreement by a fraction, the numerator of which is the number of days commencing July 1, 2010 and ending on the date of the DDR Event and the denominator of which is the total number of days in the Performance Cycle.

(b) All of the Units shall vest upon a Change of Control if the effective date thereof is after June 30, 2015. If the effective date of the Change of Control shall occur prior to or on June 30, 2015, a pro rata number of Units shall vest upon such Change of Control. For the purposes of this Section 7(b), the pro rata number of Units that vest shall equal the product obtained by multiplying the total number of Units awarded pursuant to this Agreement by a fraction, the numerator of which is the number of days commencing on July 1, 2010 and ending on the effective date of the Change of Control and the denominator of which is the total number of days in the period commencing July 1, 2010 and ending June 30, 2015.

(c) If a Participant's employment terminates due to a DDR Event and subsequent thereto there is a Change of Control, then notwithstanding anything to the contrary herein, the pro rata number of Units which shall vest and the number of Shares which shall be issuable to the Participant, the Participant's guardian, personal representative or Estate on a Change of Control shall be equal to the product obtained by multiplying the total number of Units which would have vested for the Participant pursuant to Section 7(b) but for the DDR Event by a fraction, the numerator of which is the number of days commencing July 1, 2010 and ending on the date of the DDR Event and the denominator of which is the total number of days in the period commencing on July 1, 2010 and ending on the effective date of the Change of Control.

8. Restrictions. The Units awarded pursuant to this Agreement may not be sold, pledged or otherwise transferred and may not be subject to lien, garnishment, attachment or other legal process.
9. Dividends. Notwithstanding Section 5.3 of the Plan to the contrary, if at any time during the period between the date hereof and the date that the Units vest, the Company shall pay a dividend in cash, Shares or otherwise, the Participant shall not be entitled to receive any such dividend paid with respect to the Shares underlying the Units.
10. Payment in the Event of Disability. In the event of the Disability of the Participant, the Shares underlying Units which have vested and are issuable pursuant to this Agreement shall be paid to the Participant if

Participant is legally competent or to a legally designated guardian or representative if the Participant is not legally competent.

11. Death of Employee. In the event of the Participant's death, the Shares underlying the Units which have vested and are issuable pursuant to this Agreement shall be paid to the Participant's estate, personal representative, or designated beneficiary.
12. Taxes. The Participant shall be liable for any and all taxes, including withholding taxes, arising out of this grant, the vesting of Units and the issuance of Shares hereunder. In accordance with Section 10 of the Plan, the Participant may elect to satisfy such withholding tax obligation by having the Company retain Shares or delivering Shares then owned by a Participant having a Fair Market Value equal to the Company's minimum withholding obligation.
13. Claw-back. In the event that the Company has or is required to file a Current Report on Form 8-K pursuant to Item 4.02 thereof (or subsequent similar requirement) (a "Restatement 8-K") prior to or on the third anniversary of the Vesting Date and as a result of the restatement contemplated by the Restatement 8-K, one or more of the Performance Criteria set forth herein would not have been satisfied, the Non-Entitled Shares (as defined) shall be redeemed by the Company for an aggregate consideration of \$1.00 and the Participant or his guardian, representative, estate or beneficiary shall immediately deliver the applicable stock certificate or certificates representing the Non-Entitled Shares to the Company and execute any and all documents to transfer the Non-Entitled Shares back to the Company. The term "Non-Entitled Shares" means the Shares that, after giving effect to the restatement contemplated by the Restatement 8-K, would not have been issued because the Performance Criteria pursuant to which such Shares were issued were not satisfied or were satisfied at a different Performance Criteria threshold.
14. Post-Vesting Restrictions on Transferability - In the event all or some of the Units vest and Shares are issued, fifty percent (50%) of the issued Shares may not be sold, transferred, pledged, hypothecated or otherwise disposed of until the third anniversary of the Vesting Date. The foregoing restriction shall not be applicable to, and shall lapse, upon a DDR Event or a Change of Control.
15. Miscellaneous
  - (a) All Units credited to the Participant's Account under this Agreement shall continue for all purposes to be a part of the general assets of the Company.
  - (b) Neither this Agreement nor the granting or vesting of Units shall confer upon the Participant any right to continue in the employ of the Company or an affiliate, nor shall it interfere in any way with the right of the Company or an affiliate to terminate Participant's employment at any time.
  - (c) The parties agree to execute such further documents and instruments and to take such action as may reasonably be necessary to carry out the intent of this Agreement, including without limitation the imposition of appropriate legends on the Shares and the issuance of "stop transfer" orders to implement the restrictions imposed herein, including the limitations imposed pursuant to Sections 13 and 14 hereof.



(d) This Award shall be governed by the laws of the State of Maryland (without regard to its choice of law principles) and applicable Federal law.

(e) Except as otherwise provided herein, in any event of any conflict between the provisions of the Plan as in effect on the Grant Date and the provisions of this Award, the provisions of the Plan shall govern. All references herein to the Plan shall mean the Plan as in effect on the Grant Date.

ONE LIBERTY PROPERTIES, INC.

By: \_\_\_\_\_

\_\_\_\_\_  
Signature of Participant

\_\_\_\_\_  
Name of Participant

(10/olp/PERFORMANCEAWARDSAGREEMENTSEPT7)

## EXHIBIT A

### PERFORMANCE CRITERIA

The number of Restricted Stock Units (“Units”) that shall vest, if any, will be determined by the Compensation Committee as soon as practicable after the completion of a seven year Performance Cycle, (which shall commence July 1, 2010 and June 30, 2017) using the following Performance Criteria:

**Return on Capital:** One-half of the awarded Units, or an aggregate of \_\_\_\_\_ Units, are subject to an average annualized return on capital metric for the period from July 1, 2010 – June 30, 2017. In order for all of the Units subject to the return on capital metric to vest and for the underlying \_\_\_\_\_ shares of the Company’s common stock be issued to the Participant, the average annualized return on capital for the seven year Performance Cycle must be at least 10%. In order for a portion of these Units to vest and for underlying shares of the Company’s common stock to be issued with respect to the Units which vest, the average annualized return on capital for the Performance Cycle must exceed 8%. If the average annualized return exceeds 8%, but is less than 10% for the Performance Cycle, then a pro rata number of Units shall vest and the underlying shares of the Company’s common stock with respect to the Units which vest will be issued. Return on capital will be based upon adjusted funds from operations (AFFO). AFFO is defined as funds from operations (FFO) determined in accordance with the National Association of Real Estate Investment Trusts definition, adjusted for straight-line rent accruals and amortization of lease intangibles. Capital is defined as stockholders’ equity, plus depreciation and amortization, adjusted for intangibles.

**Total Stockholder Return:** One-half of the awarded Units, or an aggregate of \_\_\_\_\_ Units, are subject to a total stockholder return metric averaged for the period from July 1, 2010-June 30, 2017. Each year (July 1<sup>st</sup> through the following June 30<sup>th</sup>) total stockholder return for such year shall be calculated using the following formula: the closing price per share on the NYSE of the Company’s common stock at the end of the measuring period (the applicable June 30<sup>th</sup>) minus the closing price per share on the NYSE of the Company’s common stock at the start of the measuring period (the applicable July 1<sup>st</sup>) plus all dividends paid during the measuring period shall be divided by the closing price per share on the NYSE of the Company’s common stock at the commencement of the measuring period (the applicable July 1<sup>st</sup>). Once total stockholder return has been calculated for each of the seven years in the performance cycle, an average of such seven year total stockholder return shall be determined. In order for all of these Units to vest and the underlying shares of the Company’s common stock to be issued, the average annualized total stockholder return for the seven year period must be 13%, and for a portion of the Units to vest and the underlying shares of the Company’s common stock be issued, the average annualized total stockholder return for the seven year period must exceed 10.25%. If the average annualized total shareholder return exceeds 10.25%, but is less than 13% for the seven year period, then a pro rata number of Units shall vest and the underlying shares of the Company’s common stock with respect to the Units which vest shall be issued.