

ONE LIBERTY PROPERTIES INC
Form 10-Q
May 11, 2015
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 10-Q

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

For the quarterly period ended March 31, 2015

OR

o 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)

13-3147497
(I.R.S. employer
identification number)

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

11021
(Zip code)

(516) 466-3100

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted 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 and post such files).

Yes No

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

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

Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

As of May 4, 2015, the registrant had 16,412,382 shares of common stock outstanding.

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One Liberty Properties, Inc. and Subsidiaries

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Part I FINANCIAL INFORMATION

Item 1. Financial Statements

ONE LIBERTY PROPERTIES, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(Amounts in Thousands, Except Par Value)

	March 31, 2015 (Unaudited)	December 31, 2014
Assets		
Real estate investments, at cost		
Land	\$ 184,846	\$ 165,153
Buildings and improvements	440,443	416,272
Total real estate investments, at cost	625,289	581,425
Less accumulated depreciation	78,091	76,575
Real estate investments, net	547,198	504,850
Property held-for-sale		10,176
Investment in unconsolidated joint ventures	2,486	4,907
Cash and cash equivalents	23,153	20,344
Restricted cash	1,335	1,607
Unbilled rent receivable (including \$120 related to property held-for-sale in 2014)	12,870	12,815
Unamortized intangible lease assets, net	29,104	27,387
Escrow, deposits and other assets and receivables	4,561	4,310
Unamortized deferred financing costs, net	3,981	4,043
Total assets	\$ 624,688	\$ 590,439
Liabilities and Equity		
Liabilities:		
Mortgages payable	\$ 304,808	\$ 292,049
Line of credit	28,250	13,250
Dividends payable	6,381	6,322
Accrued expenses and other liabilities	12,026	12,451
Unamortized intangible lease liabilities, net	15,028	10,463
Total liabilities	366,493	334,535
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; 25,000 shares authorized; 15,822 and 15,728 shares issued and outstanding	15,822	15,728
Paid-in capital	220,935	219,867

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Accumulated other comprehensive loss	(3,999)	(3,195)
Accumulated undistributed net income	23,352	21,876
Total One Liberty Properties, Inc. stockholders' equity	256,110	254,276
Non-controlling interests in consolidated joint ventures	2,085	1,628
Total equity	258,195	255,904
Total liabilities and equity	\$ 624,688	\$ 590,439

See accompanying notes to consolidated financial statements.

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ONE LIBERTY PROPERTIES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

(Amounts in Thousands, Except Per Share Data)

(Unaudited)

	Three Months Ended March 31,	
	2015	2014
Revenues:		
Rental income, net	\$ 13,894	\$ 13,813
Tenant reimbursements	782	589
Lease termination fee	650	
Total revenues	15,326	14,402
Operating expenses:		
Depreciation and amortization	3,734	3,577
General and administrative (including \$507 and \$708, respectively, to related parties)	2,392	2,211
Federal excise and state taxes	74	62
Real estate expenses (including \$223 and \$213, respectively, to related party)	1,334	1,098
Leasehold rent	77	77
Real estate acquisition costs	248	40
Total operating expenses	7,859	7,065
Operating income	7,467	7,337
Other income and expenses:		
Equity in earnings of unconsolidated joint ventures	147	133
Other income	3	8
Purchase price fair value adjustment	960	
Gain on sale of real estate, net	5,392	
Prepayment costs on debt	(568)	
Interest:		
Expense	(3,739)	(3,953)
Amortization and write-off of deferred financing costs	(455)	(238)
Income from continuing operations	9,207	3,287
Income from discontinued operations		13
Net income	9,207	3,300
Net income attributable to non-controlling interests	(1,351)	(27)
Net income attributable to One Liberty Properties, Inc.	\$ 7,856	\$ 3,273
Weighted average number of common shares outstanding:		
Basic	15,776	15,356
Diluted	15,876	15,456
Per common share attributable to common stockholders - basic:	\$.48	\$.20
Per common share attributable to common stockholders - diluted:	\$.48	\$.20

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Cash distributions declared per share of common stock	\$.39	\$.37
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See accompanying notes to consolidated financial statements.

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ONE LIBERTY PROPERTIES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in Thousands)

(Unaudited)

	Three Months Ended	
	March 31,	
	2015	2014
Net income	\$ 9,207	\$ 3,300
Other comprehensive loss		
Net unrealized gain on available-for-sale securities	3	5
Net unrealized loss on derivative instruments	(734)	(718)
One Liberty Property's share of joint venture net unrealized loss on derivative instruments	(48)	(3)
Other comprehensive loss	(779)	(716)
Comprehensive income	8,428	2,584
Comprehensive income attributable to non-controlling interests	(1,351)	(27)
Unrealized gain (loss) on derivative instruments attributable to non-controlling interests	25	(10)
Comprehensive income attributable to One Liberty Properties, Inc.	\$ 7,102	\$ 2,547

See accompanying notes to consolidated financial statements.

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ONE LIBERTY PROPERTIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the three month period ended March 31, 2015 (Unaudited)

and the year ended December 31, 2014

(Amounts in Thousands, Except Per Share Data)

					Non-Controlling		
	Common Stock	Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Undistributed Net Income	Interests in Joint Ventures		Total
Balances, December 31, 2013	\$ 15,221	\$ 210,324	\$ (490)	\$ 23,877	\$ 1,158		\$ 250,090
Distributions - common stock							
Cash - \$1.50 per share				(24,117)			(24,117)
Shares issued through equity offering program net	179	3,589					3,768
Restricted stock vesting	101	(101)					
Shares issued through dividend reinvestment plan	227	4,222					4,449
Contributions from non-controlling interests					639		639
Distributions to non-controlling interests					(228)		(228)
Compensation expense - restricted stock		1,833					1,833
Net income				22,116	94		22,210
Other comprehensive loss			(2,705)		(35)		(2,740)
Balances, December 31, 2014	15,728	219,867	(3,195)	21,876	1,628		255,904
Distributions - common stock							
Cash - \$.39 per share				(6,380)			(6,380)
Restricted stock vesting	71	(71)					
Shares issued through dividend reinvestment plan	23	562					585
Contribution from non-controlling interest					663		663
Distributions to non-controlling interests					(1,582)		(1,582)
Compensation expense - restricted stock		577					577
Net income				7,856	1,351		9,207
Other comprehensive loss (gain)			(804)		25		(779)
Balances, March 31, 2015	\$ 15,822	\$ 220,935	\$ (3,999)	\$ 23,352	\$ 2,085		\$ 258,195

See accompanying notes to consolidated financial statements.

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ONE LIBERTY PROPERTIES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in Thousands)

(Unaudited)

	Three Months Ended March 31,	
	2015	2014
Cash flows from operating activities:		
Net income	\$ 9,207	\$ 3,300
Adjustments to reconcile net income to net cash provided by operating activities:		
Purchase price fair value adjustment	(960)	
Gain on sale of real estate	(5,392)	
Prepayment costs on debt	568	
Increase in rental income from straight-lining of rent	(175)	(336)
Increase in rental income from amortization of intangibles relating to leases	(127)	(56)
Amortization of restricted stock expense	577	472
Equity in earnings of unconsolidated joint ventures	(147)	(133)
Distributions of earnings from unconsolidated joint ventures	212	113
Depreciation and amortization	3,734	3,577
Amortization and write-off of financing costs	455	240
Payment of leasing commissions	(550)	(3)
Changes in assets and liabilities:		
(Increase) decrease in escrow, deposits, other assets and receivables	(84)	1,099
Decrease in accrued expenses and other liabilities	(983)	(1,028)
Net cash provided by operating activities	6,335	7,245
Cash flows from investing activities:		
Purchase of real estate	(31,413)	(5,109)
Improvements to real estate	(355)	(38)
Net proceeds from sale of real estate	16,025	5,177
Purchase of partner's interest in unconsolidated joint venture	(6,300)	
Additional investment in unconsolidated joint venture	(3,664)	
Distributions of return of capital from unconsolidated joint ventures	575	7
Net cash (used in) provided by investing activities	(25,132)	37
Cash flows from financing activities:		
Scheduled amortization payments of mortgages payable	(1,875)	(1,874)
Repayment of mortgages payable	(12,168)	(19,003)
Prepayment costs on debt	(568)	
Proceeds from mortgage financings	28,268	27,735
Proceeds from sale of common stock, net		644
Proceeds from bank line of credit	29,900	3,500
Repayment on bank line of credit	(14,900)	(13,900)
Issuance of shares through dividend reinvestment plan	585	1,294
Payment of financing costs	(397)	(260)
Capital contribution from non-controlling interest	663	
Distributions to non-controlling interests	(1,582)	(75)
Cash distributions to common stockholders	(6,320)	(5,806)
Net cash provided by (used in) financing activities	21,606	(7,745)

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Net increase (decrease) in cash and cash equivalents		2,809		(463)
Cash and cash equivalents at beginning of period		20,344		16,631
Cash and cash equivalents at end of period	\$	23,153	\$	16,168

Continued on next page

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ONE LIBERTY PROPERTIES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in Thousands)

(Unaudited) (Continued)

	Three Months Ended	
	March 31,	
	2015	2014
Supplemental disclosures of cash flow information:		
Cash paid during the period for interest expense	\$ 3,783	\$ 4,027
Cash paid during the period for Federal excise tax	300	64
Supplemental schedule of non-cash investing and financing activities:		
Mortgage debt extinguished upon conveyance of property to mortgagee by deed-in-lieu of foreclosure	\$ 1,466	\$
Consolidation of real estate investment	2,633	
Purchase accounting allocation - intangible lease assets	2,518	408
Purchase accounting allocation - intangible lease liabilities	4,813	371
Restricted cash for tenant improvements and other reserve, net		