ONE LIBERTY PROPERTIES INC
Form 10-K
March 13, 2008

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

FORM 10-K
ANNUAL REPORT
PURSUANT TO SECTIONS 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

x Annual Report Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of l934

For the fiscal year ended December 31, 2007

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	13-3147497
(State or other jurisdiction of incorporation or organization)	(I.R.S. employer identification number)

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

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

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

Title of each class	Name of exchange on which registered
Common Stock, par value $1.00 per share	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 o No x

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

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 x No o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. x

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

Large accelerated filer o   Accelerated filer x

Non-accelerated filer o (Do not check if a small reporting company)   Small reporting company o

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

As of June 29, 2007 (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 $178.7 million.

As of March 7, 2008, the registrant had 10,185,553 shares of common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the proxy statement for the annual meeting of stockholders of One Liberty Properties, Inc., to be filed pursuant to Regulation 14A not later than April 29, 2008, are incorporated by reference into Part III of this Form 10-K.

PART I

Item 1. Business

General

We are a self-administered and self-managed real estate investment trust, also known as a REIT. We were incorporated under the laws of the State of Maryland on December 20, 1982. We acquire, own and manage a geographically diversified portfolio of retail, industrial, office, health and fitness and other properties, a substantial portion of which are under long-term leases. Substantially all of our leases are "net leases," under which the tenant is typically responsible for real estate taxes, insurance and ordinary maintenance and repairs. As of December 31, 2007, we owned 65 properties, one of which is held for sale, held a 50% tenancy in common interest in one property, and participated in five joint ventures that own five properties (including one vacant property held for sale). Our properties and the properties owned by our joint ventures are located in 28 states and have an aggregate of approximately 5.9 million square feet of space (including approximately 106,000 square feet of space at the property in which we own a tenancy in common interest, 459,000 square feet of space at the property held for sale and approximately 1.6 million square feet of space at properties owned by the joint ventures in which we participate). We did not acquire any properties during the year ended December 31, 2007.

Under the terms of our current leases, our 2008 contractual rental income (rental income that is payable to us in 2008 under leases existing at December 31, 2007, excluding rental income from our property that is held for sale) will be approximately $35.9 million, including approximately $1.3 million of rental income payable to us on our tenancy in common interest. In 2008, we expect that our share of the rental income payable to our five joint ventures which own properties will be approximately $1.4 million, without taking into consideration any rent that we would receive if the vacant and held for sale property owned by a joint venture is rented. On December 31, 2007, the occupancy rate of properties owned by us was 100% based on square footage (including the property in which we own a tenancy in common interest) and the occupancy rate of properties owned by our joint ventures was 98.9% based on square footage. The weighted average remaining term of the leases in our portfolio, including our tenancy in common interest, is 10.3 years and 11.3 years for the leases at properties owned by our joint ventures.

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 goal is to acquire properties that are subject to long-term net leases that include periodic contractual rental increases. Periodic contractual rental increases provide reliable increases in future rent payments, while rent increases based on the consumer price index provide protection against inflation. Long-term leases also make it easier for us to obtain longer-term, fixed-rate mortgage financing with principal amortization, thereby moderating the interest rate risk associated with financing or refinancing our property portfolio by reducing the outstanding principal balance over time. Although we regard long-term leases as an important element of our acquisition strategy, we may acquire a property that is subject to a short-term lease where we believe the property represents a good opportunity for recurring income and residual value.

Generally, we intend to 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 of our properties, we may dispose of a property following a lease termination or expiration or even during the term of a lease (i) if we regard the disposition of the property as an opportunity to realize the overall value of the property sooner or (ii) to avoid future risks by achieving a determinable return from the property. Although we investigated, analyzed and bid on several properties in 2007, due to a variety of factors, including increased competition and unfavorable prices, we did not acquire any properties in 2007.

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

There is no limit on the number of properties in which we may invest, the amount or percentage of our assets that may be invested in any specific property or property type, or on the concentration of investments in any geographic area in the United States. We do not intend to acquire properties located outside of the United States. 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, that any investment opportunity presented to us or to any of our affiliated entities that involves primarily the acquisition of a net leased property, will first be offered to us and may not be pursued by any of our affiliated entities unless and until we decline the opportunity.

Investment Evaluation

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

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

Our Business Objectives and Growth Strategy

Our business objective is to maintain and increase the cash available for distribution to our stockholders by:

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

Our growth strategy includes the following elements:

- to maintain, renew and enter into new long-term leases that contain provisions for contractual rent increases;
-

to acquire additional properties within the United States that are subject to long-term net leases and that satisfy our other investment criteria; and

- to acquire properties in market or industry sectors that we identify, from time to time, as offering superior risk-adjusted returns.

Typical Property Attributes

The properties in our portfolio and owned by our joint ventures typically have the following attributes:

- *Net leases*. Substantially all of the leases are net leases under which the tenant is typically responsible for real estate taxes, insurance and ordinary maintenance and repairs. We believe that investments in net leased properties offer more predictable returns than investments in properties that are not net leased;

· *Long-term leases*. The properties acquired are generally subject to long-term leases. Excluding leases relating to properties owned by our joint ventures, leases representing approximately 83% of our 2008 contractual rental income expire after 2013, and leases representing approximately 44% of our 2008 contractual rental income expire after 2017; and

· *Scheduled rent increases*. Leases representing approximately 94% of our 2008 contractual rental income provide for either scheduled rent increases or periodic contractual rent increases based on the consumer price index. None of the leases on properties owned by our joint ventures provide for scheduled rent increases.

Our Tenants

The following table sets forth information about the diversification of our tenants (excluding tenants of our joint ventures) by industry sector as of December 31, 2007:

Type of Property	Number of Tenants	Number of Properties	2008 Contractual Rental Income (1)	Percentage of 2008 Contractual Rental Income
Retail - various (2)	32	32	$ 11,453,658	31.9%
Retail - furniture (3)	5	15	7,543,184	21.0
Industrial (4)	8	8	6,525,205	18.2
Office (5)	3	3	4,259,363	11.9
Flex	3	2	2,497,764	6.9
Health & fitness	3	3	1,757,091	4.9
Movie theater (6)	1	1	1,242,019	3.4
Residential	1	1	650,000	1.8
	56	65	$ 35,928,284	100.0%

(1) 2008 contractual rental income includes rental income that is payable to us during 2008 for properties owned by us at December 31, 2007, including rental income payable on our tenancy in common interest. Does not include rent on our property that is held for sale.

(2) Twenty of the retail properties are net leased to single tenants. Four properties are net leased to a total of 11 separate tenants pursuant to separate leases and 8 properties are net leased to one tenant pursuant to a master lease.

(3) Eleven properties are net leased to Haverty Furniture Companies, Inc. pursuant to a master lease covering all locations and 4 of the properties are net leased to single tenants.

(4) Does not include one property that is held for sale.

(5) Includes a property in which we own a 50% tenancy in common interest.

(6) We are the ground lessee of this property under a long-term lease and net lease the movie theater to an operator.

Although the main focus of our analysis is the intrinsic value of a property, we seek to acquire properties that we believe will provide attractive current returns from leases with tenants that operate profitably, even if our tenants are typically not rated or are rated below investment grade. We will acquire a property if we believe that the quality of the underlying real estate mitigates the risk that may be associated with any default by the tenant. Most of our retail tenants operate on a national basis and include, among others, Barnes & Noble, Inc., Walgreen Co., The Sports

Authority, Inc., Best Buy Co., Inc., TGI Friday’s Inc., Party City Corporation, Circuit City Stores, Inc., Petco Animal Supplies, Inc. and CarMax Auto Superstores, Inc., and some of our tenants operate on a regional basis, including Haverty’s Furniture Companies, Inc.

Our Leases

Substantially all of our leases are net leases (including the leases entered into by our joint ventures) under which the tenant, in addition to its rental obligation, typically is responsible for expenses attributable to the operation of the property, such as real estate taxes and assessments, water and sewer rents and other charges. The tenant is also generally responsible for maintaining the property, including non-structural repairs, and for restoration following a casualty or partial condemnation. The tenant is typically obligated to indemnify us for claims arising from the property and is responsible for maintaining insurance coverage for the property it leases. Under some net leases, we are responsible for structural repairs, including foundation and slab, roof repair or replacement and restoration following a casualty event, and at several properties we are responsible for certain expenses related to the operation and maintenance of the property.

Our typical lease provides for contractual rent increases periodically throughout the term of the lease. Some of our leases provide for rent increases pursuant to a formula based on the consumer price index and some of our leases provide for minimum rents supplemented by additional payments based on sales derived from the property subject to the lease. Such additional payments were not a material part of our 2007 rental revenues and are not expected to be a material part of our 2008 rental revenues.

Our policy has been 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 following table sets forth scheduled lease expirations of leases for our properties (excluding joint venture properties) as of December 31, 2007:

Year of Lease Expiration (1)(2)	Number of Expiring Leases	Approximate Square Feet Subject to Expiring Leases	2008 Contractual Rental Income Under Expiring Leases (3)	% of 2008 Contractual Rental Income Represented by Expiring Leases
2008	1	51,351	$ 386,160	1.1%
2009	3	200,468	945,883	2.6
2010	3	19,038	349,825	1.0
2011	4	208,428	2,087,577	5.8
2012	2	19,000	475,903	1.3
2013	6	117,357	1,745,035	4.9
2014	14	700,200	5,777,024	16.1
2015	4	150,795	1,765,765	4.9
2016	4	182,715	1,757,996	4.9
2017 and thereafter	15	2,224,544	20,637,116	57.4
	56	**3,873,896**	**$ 35,928,284**	100.0%

(1) Lease expirations assume tenants do not exercise existing renewal options.

(2) Includes a property in which we have a tenancy in common interest and excludes our property that is held for sale.

(3) 2008 contractual rental income includes rental income that is payable to us during 2008 under existing leases on properties we owned at December 31, 2007 (including rental income payable on our tenancy in common interest and excluding rental income payable on our property that is held for sale).

Financing, Re-Renting and Disposition of Our Properties

Under our governing documents, there is no limit on the level of debt that we may incur. Our credit facility is provided by VNB New York Corp., Bank Leumi, USA, Manufacturers and Traders Trust Company and Israel Discount Bank of New York and is a full recourse obligation. The credit facility limits total indebtedness that we may incur to an amount equal to 70% of the value (as defined) of our properties, among other limitations in the credit facility on our ability to incur additional indebtedness. We borrow funds on a secured and unsecured basis and intend to continue to do so in the future. We mortgage specific properties on a non-recourse basis (subject to standard carve-outs) to enhance the return on our investment in a specific property. The proceeds of mortgage loans and amounts drawn on our credit line may be used for property acquisitions, investments in joint ventures or other entities that own real property, to reduce bank debt and for working capital purposes.

With respect to properties we acquire on a free and clear basis, we usually seek to obtain long-term fixed-rate mortgage financing shortly after the acquisition of such property to avoid the risk of movement of interest rates and fluctuating supply and demand in the mortgage markets. 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.

After termination or expiration of any lease relating to any of our properties (either at lease expiration or early termination), we will seek to re-rent or sell such property in a manner that will maximize the return to us, considering, among other factors, the income potential and market value of such property. We acquire properties for long-term investment for income purposes and do not typically engage in the turnover of investments. We will consider the sale of a property prior to termination or expiration of the relevant lease if a sale appears advantageous in view of our investment objectives. We may take back a purchase money mortgage as partial payment in lieu of cash in connection with any sale and may consider local custom and prevailing market conditions in negotiating the terms of repayment. If there is a substantial tax gain, we may seek to enter into a tax deferred transaction and reinvest the proceeds in another property. It is our policy to use any cash realized from the sale of properties, net of any distributions to stockholders to maintain our REIT status, to pay down amounts due under our line of credit, if any, and for the acquisition of additional properties.

Our Joint Ventures

As of December 31, 2007, we are a joint venture partner in five joint ventures that own an aggregate of five properties (including one vacant property held for sale), and have an aggregate of approximately 1.6 million square feet of space. We own a 50% equity interest in four of the joint ventures and a 36% equity interest in the fifth joint venture. We are designated as “managing member” or “manager” under the operating agreements of three of these joint ventures. At December 31, 2007, our investment in unconsolidated joint ventures was approximately $6.6 million.

We were also a joint venture partner in two other joint ventures, with the same joint venture partner. Nine of the ten properties held by these two joint ventures were sold in 2006, and the remaining property was sold on March 14, 2007 for a purchase price of $1.25 million, after it was written down in prior years on the joint venture’s books to $40,000. Each of our remaining five joint ventures own one property, three of which are retail properties and two of which are industrial properties.

Based on existing leases, we anticipate that our share of rental income payable to our joint ventures in 2008 will be approximately $1.4 million. The leases for two properties (each of which is owned by one of our joint ventures) that are expected to contribute 81% of the aggregate projected rental income payable to all of our joint ventures in 2008, will expire in 2021 and 2022, respectively.

Other Types of Investments

From time to time we have invested, on a limited basis, in publicly traded shares of other REITs, and we may make such investments on a limited basis in the future. We also may invest, on a limited basis, in the shares of entities not involved in real estate investments, provided that no such investment adversely affects our ability to qualify as a REIT under the Internal Revenue Code of 1986, as amended. We do not have any plans to invest in or to originate loans to other persons, whether or not secured by real property. Although we have not done so in the past, we may issue our securities in exchange for properties that fit our investment criteria. We have not previously invested in the securities of another entity for the purpose of exercising control over it and we do not have any present plans to invest in the securities of another entity for such purpose.

Competition

We face competition for the acquisition of net leased properties from a variety of investors including domestic and foreign corporations and real estate companies, 1031 exchange buyers, financial institutions, insurance companies, pension funds, investment funds, other REITs and individuals, some of which have significant advantages over us, including a larger, more diverse group of properties and greater financial and other resources than we have. Although we investigated, analyzed and bid on several properties in 2007, due to a variety of factors, including increased competition and unfavorable prices, we did not acquire any properties in 2007.

Our Structure

In 2007, Patrick J. Callan, Jr., our president and chief executive officer, Lawrence G. Ricketts, Jr., our executive vice president and chief operating officer, and three other employees devoted substantially all of their business time to our company. Our other executive, administrative, legal, accounting and clerical personnel shared their services on a part-time basis with us and other affiliated entities that share our executive offices.

We entered into a compensation and services agreement with Majestic Property Management Corp. effective as of January 1, 2007. Majestic Property Management Corp. is wholly-owned by our chairman of the board and it provides compensation to certain of our executive officers. Pursuant to the compensation and services agreement, we pay an annual fee to Majestic Property Management Corp. and Majestic Property Management Corp. assumes our obligations under a shared services agreement, and provides us with the services of all affiliated executive, administrative, legal, accounting and clerical personnel that we use on a part time basis, as well as certain property management services, property acquisition, sales and leasing and mortgage brokerage services. In 2007, we incurred a fee of $2,125,000 to Majestic Property Management Corp. Pursuant to the compensation and services agreement, however, we paid $2,113,000 of the fee and the remainder of the fee, $12,000, was offset by the $12,000 paid to Majestic Property Management Corp. by one of our joint ventures. In addition, in accordance with the compensation and services agreement, in 2007 we paid our chairman a fee of $250,000 and made an additional payment to Majestic Property Management Corp. of $175,000 for our share of all direct office expenses, such as rent, telephone, postage, computer services, internet usage, etc.

We believe that the compensation and services agreement allows us to benefit from access to, and from the services of, a group of senior executives with significant knowledge and experience in the real estate industry and our company and its activities. If not for the compensation and services agreement, we believe that a company of our size would not have access to the skills and expertise of these executives at the cost that we have incurred and will incur in the future. For a description of the background of our management, please see the information under the heading "Executive Officers" in Part I of this Annual Report.

Available Information

Our Internet address is www.onelibertyproperties.com. On the Investor Information page of our web site, we post the following filings as soon as reasonably practicable after they are electronically filed with or furnished to the Securities and Exchange Commission: our Annual Report on Form 10-K, our quarterly reports on Form 10-Q, our current reports on Form 8-K, and any amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended. All such filings on our Investor Information Web page, which also includes Forms 3, 4 and 5 filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, as amended, are available to be viewed free of charge.

On the Corporate Governance page of our web site, we post the following charters and guidelines: Audit Committee Charter, Compensation Committee Charter, Nominating and Corporate Governance Committee Charter, Corporate Governance Guidelines and Code of Business Conduct and Ethics, as amended and restated. All such documents on our Corporate Governance Web page are available to be viewed free of charge.

Information contained on our web site is not part of, and is not incorporated by reference into, this Annual Report on Form 10-K or our other filings with the Securities and Exchange Commission. A copy of this Annual Report on Form 10-K and those items disclosed on our Investor Information Web page and our Corporate Governance Web page are available without charge upon written request to: One Liberty Properties, Inc., 60 Cutter Mill Road, Suite 303, Great Neck, New York 11021, Attention: Secretary.

Forward-Looking Statements

This Annual Report on Form 10-K, together with other statements and information publicly disseminated by One Liberty Properties, Inc., 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. 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,” “believe,” “expect,” “intend,” “anticipate,” “estimate,” “project” or similar expressions or variations thereof. 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. Factors which may cause actual results to differ materially from current expectations include, but are not limited to:

- general economic and business conditions including those currently affecting our nation’s economy and real estate markets;
- general and local real estate conditions;
- the financial condition of our tenants and the performance of their lease obligations;
- changes in governmental laws and regulations relating to real estate and related investments;
- the level and volatility of interest rates;
- competition in our industry;
- accessibility of debt and equity capital markets;
- the availability of and costs associated with sources of liquidity; and
- the other risks described under “Risks Related to Our Company” and “Risks Related to the REIT Industry.”

Any or all of our forward-looking statements in this report, in our Annual Report to Stockholders and in any other public statements we make may turn out to be incorrect. Actual results may differ from our forward looking statements because of inaccurate assumptions we might make or because of the occurrence of known or unknown risks and uncertainties. Many factors mentioned in the discussion below will be important in determining future results. Consequently, no forward-looking statement can be guaranteed and you are cautioned not to place undue reliance on these forward-looking statements. Actual future results may vary materially.

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 Securities and Exchange Commission.

Set forth below is a detailed 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 adverse effects arising from the realization of any of the risks discussed including our financial condition and results of operation may, and likely will, adversely affect many aspects of our business.

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Item 1A. Risk Factors.

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

The financial failure of our tenants would likely cause significant reductions in our revenues, our equity in earnings of unconsolidated joint ventures and in the value of our real estate portfolio.

Based on 2008 contractual rental income, 88% of our rental revenues are generated from properties which are leased to single tenants. Accordingly, the financial failure or other default of a tenant in non-payment of rent or property related expenses or the termination of a lease could cause a significant reduction in our revenues. Additionally, approximately 52.4% of our rental revenues (excluding rental revenues from our joint ventures) for the year ended December 31, 2007 was derived from retail tenants and approximately 52.9% of our 2008 contractual rental income will be derived from retail tenants, including 21% from our tenants engaged in retail furniture operations. As of the date of this annual report, the national economy is characterized by considerable uncertainty as well as by heightened concern that the economy has entered, or may be on the verge of entering, a period of sustained economic downturn. Weakening economic conditions (nationally and/or locally) could result in the financial failure, or other default, of a significant number of our tenants and the tenants of our joint ventures. In the event of a default by a tenant, we may experience delays in enforcing our rights as landlord and sustain a loss of revenues and incur substantial costs in protecting our investment. We may also face liabilities arising from the tenant's actions or omissions that would reduce our revenues and the value of our portfolio. Also, if we are unable to re-rent a property when an existing lease terminates, we receive no revenues from such property and are required to pay taxes, insurance and other operating expenses during the vacancy period, and could as a result experience a decline in the value of the property.

A significant portion of our 2007 revenues and our 2008 contractual rental income is derived from five tenants. The default, financial distress or failure of any of these tenants could significantly reduce our revenues.

Haverty's Furniture Companies, Inc., Ferguson Enterprises, Inc., Nutritional Products, Inc., New Flyer of America, Inc. and L-3 Communications Corp, accounted for approximately 13.2%, 6.3%, 5.6%, 4.8% and 4.7%, respectively, of our rental revenues (excluding rental revenues from our joint ventures) for the year ended December 31, 2007 and account for 12%, 6.5%, 5.4%, 4.3% and 4.9%, respectively, of our 2008 contractual rental income. The default, financial distress or bankruptcy of any of these tenants could cause interruptions in the receipt, or the loss, of a significant amount of rental revenues and result in the vacancy of the property or properties occupied by the defaulting 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.

Since the second quarter of calendar 2007, the economy in the United States has faced challenges of illiquidity in the credit markets, turmoil in the housing and construction sectors, poorer performance in the retail sector and heightened fears of an overall economic downturn. Were such a sustained economic downturn to take place, the likelihood of the default, financial distress or bankruptcy of any one or more of our major tenants would increase, which could have a material adverse effect on our results of operations.

The inability to repay our indebtedness could reduce cash available for distributions and cause losses.

As of December 31, 2007, we had outstanding approximately $222 million in long-term mortgage and loan indebtedness, all of which is non-recourse (subject to standard carve-outs). As of December 31, 2007, our ratio of mortgage and loan debt to total assets was approximately 55%. In addition, as of December 31, 2007, our joint ventures had approximately $18.8 million in total long-term mortgage indebtedness (all of which is non-recourse subject to standard carve-outs). The risks associated with our debt and the debt of our joint ventures include the risk that cash flow for the properties securing the mortgage indebtedness will be insufficient to meet required payments of principal and interest. Further, if a property or properties are mortgaged to collateralize payment of indebtedness and we or any of our joint ventures are unable to make mortgage payments on the secured indebtedness, the lender could foreclose upon the property or properties resulting in a loss of revenues to us and a decline in the value of our portfolio. Even with respect to our non-recourse indebtedness, the lender may have the right to recover deficiencies from us under certain circumstances, which could result in a reduction in the amount of cash available to us to meet expenses and to make distributions to our stockholders and in a deterioration of our financial condition.

If we are unable to refinance our borrowings at maturity at favorable rates or otherwise raise funds, our net income may decline or we may be forced to sell properties on disadvantageous terms, which would result in the loss of revenues and in a decline in the value of our portfolio.

Only a small portion of the principal of our mortgage indebtedness and the mortgage indebtedness of our joint ventures will be repaid prior to maturity. Neither we nor our joint ventures plan to retain sufficient cash to repay such indebtedness at maturity. Accordingly, in order to meet these obligations, we will have to use funds available under our credit line, if any, to refinance debt or seek to raise funds through the financing of unencumbered properties, sale of properties or the issuance of additional equity. Between January 2008 and December 31, 2012, we will need to refinance an aggregate of approximately $61.1 million of maturing debt, of which approximately $4.2 will have to be refinanced in 2008 and approximately $4.6 million will have to be refinanced in 2009. Our joint ventures do not have maturing mortgage debt until 2015. In addition, at the present time there has been a tightening of credit by institutional lenders, which has made it difficult for borrowers to refinance debt, including mortgage debt. We cannot judge the duration of the current credit crunch or whether or not the situation may intensify. Accordingly, we can not provide any assurance that we (or our joint ventures) will be able to refinance this debt or arrange additional debt financing on unencumbered properties on terms as favorable as the terms of existing indebtedness, or at all. If interest rates or other factors at the time of refinancing result in interest rates higher than the interest rates currently being paid, our interest expense would increase, which would adversely affect our net income, financial condition and the amount of cash available for distribution to stockholders. If we (or our joint ventures) are not successful in refinancing existing indebtedness or financing unencumbered properties, selling properties on favorable terms or raising additional equity, our cash flow (or the cash flow of a joint venture) will not be sufficient to repay all maturing debt when payments become due, and we (or a joint venture) may be forced to dispose of properties on disadvantageous terms, which would result in the loss of revenues and in a decline in the value of our portfolio.

As of December 31, 2007 and March 1, 2008, we had no balance outstanding under our revolving credit facility. Our credit facility expires on March 31, 2010. Depending on our acquisition program, we could borrow a significant amount under our credit facility in 2008. The facility is guaranteed by all of our subsidiaries which own unencumbered properties and the shares of stock of all other subsidiaries are pledged as collateral. The risks associated with our revolving credit facility include the risk that our cash flow will be insufficient to meet required payments of interest. Also, we may be unable to negotiate a new facility at the maturity date and may be unable to pay off the amount then outstanding. This could result in a reduction in the amount of cash available to meet expenses and to make distributions to holders of our common stock.

Increased borrowings could result in increased risk of default on our repayment obligations and increased debt service requirements.

Our governing documents do not contain any limitation on the amount of indebtedness we may incur. However, the terms of our credit facility with VNB New York Corp., Bank Leumi, USA, Manufacturers and Traders Trust Company and Israel Discount Bank of New York limit the total indebtedness that we may incur to an amount equal to 70% of the value (as defined in the credit agreement) of our properties, in addition to other limitations in the credit facility on our ability to incur additional indebtedness. Increased leverage 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 make distributions to our stockholders.

If we are unable to re-rent properties upon the expiration of our leases, it could adversely affect our revenues and ability to make distributions, and could reduce the value of our portfolio.

Substantially all of our revenues are derived from rental income paid by tenants at our properties. We cannot predict whether current tenants will renew their leases upon the expiration of their terms. In addition, we cannot predict whether current tenants will attempt to terminate their leases (including taking advantage of provisions of the federal bankruptcy laws), or whether defaults by tenants may result in termination of their leases prior to the expiration of their current terms. If tenants terminate or fail to renew their leases, or if leases terminate due to defaults or in the course of a bankruptcy proceeding, we may not be able to locate qualified replacement tenants and, as a result, we would lose a source of revenue while remaining responsible for the payment of our mortgage obligations and the expenses related to the properties, including real estate taxes and insurance. Even if tenants decide to renew their leases or we find replacement tenants, the terms of renewals or new leases, including the cost of required renovations or concessions to tenants, or the expense of reconfiguration of a single tenancy property for use by multiple tenants, may be less favorable than current lease terms and could reduce the amount of cash available to meet expenses and to make distributions to holders of our common stock.

We are required by certain of our net lease agreements to pay property related expenses that are not the obligations of our tenants.

Under the terms of substantially all of our net lease agreements, in addition to satisfying their rent obligations, our tenants are responsible for the payment of real estate taxes, insurance and ordinary maintenance and repairs. However, in the case of certain leases, we may pay some expenses, such as the costs of environmental liabilities, roof and structural repairs, insurance and certain non-structural repairs and repairs and maintenance. If our properties incur significant expenses that must be paid by us under the terms of our lease agreements, our business, financial condition and results of operations will be adversely affected and the amount of cash available to meet expenses and to make distributions to holders of our common stock may be reduced.

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.

Substantially all 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 not be sufficient to pay the full replacement cost of the improvements at the property following a casualty event. 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, or the value of, or our return from, an affected property.

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

We are subject to the general risks of investing in real estate. These include adverse changes in economic conditions and local conditions such as changing demographics, retailing trends and traffic patterns, declines in the 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 coverages available in the market, and changes in the type, capacity and sophistication of building systems. In particular, approximately 53% of our 2008 contractual rental income will come from retail tenants and is therefore vulnerable to any economic decline that negatively impacts the retail sector of the economy. Any of these conditions could have an adverse effect on our results of operations, liquidity and financial condition.

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, 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 of termination of leases due to 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, and obligations of a landlord to restore the leased premises or the property following events of casualty or condemnation. Any of these conditions could have an adverse impact on our results of operations, liquidity and financial condition.

Our 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.

The concentration of our properties in certain geographic areas may make our revenues and the value of our portfolio vulnerable to adverse changes in local economic conditions.

We do not have specific limitations on the total percentage of our real estate properties that may be located in any one geographic area. Consequently, properties that we own may be located in the same or a limited number of geographic regions. Approximately 32% of our rental income (excluding our share of the rental income from our joint ventures) for the year ended December 31, 2007 was, and approximately 33% of our 2008 contractual rental income will be, derived from properties located in Texas and New York. As a result, a decline in the economic conditions in these geographic regions, or in geographic regions where our properties may be concentrated in the future, 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 in our rental income and in the results of operations.

Our inability to control our joint ventures or our tenancy in common arrangement could result in diversion of time and effort by our management and the inability to achieve the goals of the joint venture or the tenancy in common arrangement.

We presently are a joint venturer in five joint ventures which own five properties and we own 50% of another property as tenant in common with a group of investors pursuant to a tenancy in common agreement. At December 31, 2007, our investment in unconsolidated joint ventures was approximately $6.6 million and the tenancy in common interest represents a net investment of approximately $569,000 by us. These investments may involve risks not otherwise present in investments made solely by us, including that our co-investors may have different interests or goals than we do, or that our co-investors may not be able or willing to take an action that we desire. Disagreements with or among our co-investors could result in substantial diversion of time and effort by our management team and the inability of the joint venture or the tenancy in common to successfully operate, finance, lease or sell properties as intended by our joint venture agreements or tenancy in common agreement. In addition, we may invest a significant amount of our funds into joint ventures which ultimately may not be profitable as a result of disagreements with or among our co-investors.

Competition in the real estate business is intense and could reduce our revenues and harm our business.

We compete for real estate investments with all types of investors, including domestic and foreign corporations and real estate companies, 1031 exchange buyers, financial institutions, insurance companies, pension funds, investment funds, other REITs and individuals. Many of these competitors have significant advantages over us, including a larger, more diverse group of properties and greater financial and other resources. We have recently experienced increased competition for the acquisition of net leased properties. Our failure to compete successfully with these competitors could result in our inability to identify and acquire valuable properties and to achieve our growth objectives.

Compliance with environmental regulations and associated costs could adversely affect our 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, it could have a material adverse impact upon our results of operations, liquidity and financial condition.

Our senior management and other key personnel are critical to our business and our future success depends on our ability to retain them.

We depend on the services of Fredric H. Gould, 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, and other members of our senior management to carry out our business and investment strategies. Only two of our senior officers, Messrs. Callan and Ricketts, devote all of their business time to our company. The remainder of our senior management provide services to us on a part-time, as needed basis. As we expand, we will need to attract and retain qualified senior management and other key personnel, both on a full-time and part-time basis. The loss of the services of any of our senior management or other key personnel, or our inability to recruit and retain qualified personnel in the future, could impair our ability to carry out our business and investment strategies. We do not carry key man life insurance on members of our senior management.

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. Our policy is (i) to receive terms in transactions with affiliates that are at least as favorable to us as similar transactions we would enter into with unaffiliated persons and (ii) to have these transactions approved by our Audit Committee and by a majority of our board of directors, including a majority of our independent directors. We entered into a compensation and services agreement with Majestic Property Management Corp. effective as of January 1, 2007. Majestic Property Management Corp. is wholly-owned by our chairman of the board and it provides compensation to certain of our executive officers. Pursuant to the compensation and services agreement, we pay an annual fee to Majestic Property Management Corp. and they assume our obligations under a shared services agreement, and provide us with the services of all affiliated executive, administrative, legal, accounting and clerical personnel that we use on a part time basis, as well as certain property management services, property acquisition, sales and leasing and mortgage brokerage services. In 2007, we paid to Majestic a fee of approximately $2,125,000. In addition, in accordance with the compensation and services agreement, in 2007 we paid our chairman a fee of $250,000 and made an additional payment to Majestic Property Management Corp. of $175,000 for our share of all direct office expenses, such as rent, telephone, postage, computer services, internet usage, etc. Any transactions with affiliated entities raise the potential that we may not receive terms as favorable as those that we would receive if the transactions were entered into with unaffiliated entities or that our executive officers might otherwise seek benefits for affiliated entities at our expense.

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.

We cannot assure you of our ability to pay dividends in the future.

We intend to pay quarterly dividends and to make distributions to our stockholders in amounts such that all or substantially all of our taxable income in each year, subject to certain adjustments, is distributed. This, along with other factors, should enable us to quality for the tax benefits accorded to a REIT under the Internal Revenue Code of 1986, as amended. We have not established a minimum dividend payment level and our ability to pay dividends may be adversely affected by the risk factors described in this Annual Report. All distributions will be made at the discretion of our board of directors and will depend on our earnings, our financial condition, maintenance of our REIT status and such other factors as our board of directors may deem relevant from time to time. We cannot assure you that we will be able to pay dividends in the future.

Risks Related to the REIT Industry

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

We believe that we operate so as to qualify as a REIT under the Internal Revenue Code of 1986, as amended. 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 quality 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 for distributions to stockholders.

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 corporate tax on our undistributed taxable income. In addition, we will be subject to a 4% nondeductible excise tax on the amount, if any, by which certain distributions paid by us with respect to any calendar year are less than the sum of 85% of our ordinary income, 95% of our capital gain net income and 100% of our undistributed income from prior years.

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, the creation of reserves 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 for distributions to holders of our common stock.

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 may hinder 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 qualified REIT 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 a material adverse impact on our results of operations and financial condition.

Item 1B. Unresolved Staff Comments.

None.

EXECUTIVE OFFICERS

Set forth below is a list of our executive officers whose terms expire at our 2008 annual board of director's meeting. The business history of our officers who are also directors will be provided in our proxy statement to be filed pursuant to Regulation 14A not later than April 29, 2008.

NAME	AGE	POSITION WITH THE COMPANY
Fredric H. Gould*	72	Chairman of the Board
Patrick J. Callan, Jr.	45	President, Chief Executive Officer, and Director
Lawrence G. Ricketts, Jr.	31	Executive Vice President and Chief Operating Officer
Jeffrey A. Gould*	42	Senior Vice President and Director
Matthew J. Gould*	48	Senior Vice President and Director
David W. Kalish	61	Senior Vice President and Chief Financial Officer
Israel Rosenzweig	60	Senior Vice President
Simeon Brinberg**	74	Senior Vice President
Mark H. Lundy**	45	Senior Vice President and Secretary
Karen Dunleavy	49	Vice President, Financial

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

** Mark H. Lundy is Simeon Brinberg's son-in-law.

Lawrence G. Ricketts, Jr. Mr. Ricketts has been Chief Operating Officer of One Liberty Properties since January 2008, and Vice President since December 1999 (Executive Vice President since June 2006), and has been employed by One Liberty Properties, Inc. since January 1999.

David W. Kalish. Mr. Kalish has served as Senior Vice President and Chief Financial Officer of One Liberty Properties since June 1990. Mr. Kalish has served as Senior Vice President, Finance of BRT Realty Trust since August 1998 and Vice President and Chief Financial Officer of the managing general partner of Gould Investors L.P. since June 1990. Mr. Kalish is a certified public accountant.

Israel Rosenzweig. Mr. Rosenzweig has been a Senior Vice President of One Liberty Properties since June 1997 and a Senior Vice President of BRT Realty Trust since March 1998. He has been a Vice President of the managing general partner of Gould Investors L.P. since May 1997 and President of GP Partners, Inc., a sub-advisor to a registered investment advisor, since 2000.

Simeon Brinberg. Mr. Brinberg has served as a Senior Vice President of One Liberty Properties since 1989. He has been Secretary of BRT Realty Trust since 1983, a Senior Vice President of BRT Realty Trust since 1988 and a Vice President of the managing general partner of Gould Investors L.P. since 1988. Mr. Brinberg, is an attorney-at-law and a member of the bar of the State of New York.

Mark H. Lundy. Mr. Lundy has served as the Secretary of One Liberty Properties since June 1993 and a Vice President since June 2000 (Senior Vice President since June 2006). Mr. Lundy has been a Vice President of BRT Realty Trust since April 1993 (Senior Vice President since March 2005) and a Vice President of the managing general partner of Gould Investors L.P. since July 1990. He is an attorney-at-law and a member of the bars of New York and the District of Columbia.

Karen Dunleavy. Ms. Dunleavy has been Vice President, Financial of One Liberty Properties since August 1994. She has served as Treasurer of the managing general partner of Gould Investors L.P. since 1986. Ms. Dunleavy is a certified public accountant.

Item 2. Properties.

As of December 31, 2007, we owned 65 properties, one of which is held for sale, held a 50% tenancy in common interest in one property, and participated in five joint ventures that own a total of five properties (including one vacant property held for sale). The properties owned by us and our joint ventures are suitable and adequate for their current uses. The tables below set forth information as of December 31, 2007 concerning each property which we own and in which we currently own an equity interest. Except for one movie theater property, we and our joint ventures own fee title to each property.

Our Properties

Location	Type of Property	Percentage of 2008 Contractual Rental Income (1)	Approximate Building Square Feet
Baltimore, MD	Industrial	6.5%	367,000
Parsippany, NJ	Office	5.4	106,680
Hauppauge, NY	Flex	4.9	149,870
El Paso, TX	Retail	4.4	110,179
St. Cloud, MN	Industrial	4.3	338,000
Plano, TX	Retail (2)	3.8	112,389
Los Angeles, CA (3)	Office	3.5	106,262
Greensboro, NC	Theater	3.5	61,213
Brooklyn, NY	Office	3.0	66,000
Knoxville, TN	Retail	2.8	35,330
Columbus, OH	Retail (2)	2.7	96,924
Plano, TX	Retail (4)	2.5	51,018
Philadelphia, PA	Industrial	2.5	166,000
Tucker, GA	Health & Fitness	2.5	58,800
Ronkonkoma, NY	Flex	2.1	89,500
Lake Charles, LA	Retail	1.9	54,229
Cedar Park, TX	Retail (2)	1.8	50,810
Manhattan, NY	Residential	1.8	125,000
Columbus, OH	Industrial	1.6	100,220
Ft. Myers, FL	Retail	1.6	29,993
Grand Rapids, MI	Health & Fitness	1.5	130,000
Newark, DE	Retail	1.5	23,547
Wichita, KS	Retail (2)	1.4	88,108
Atlanta, GA	Retail	1.4	50,400
Saco, ME	Industrial	1.3	91,400
Champaign, IL	Retail	1.3	50,530
Athens, GA	Retail	1.3	41,280

Location	Type of Property	Percentage of 2008 Contractual Rental Income (1)	Approximate Building Square Feet
Greenwood Village, CO	Retail	1.2	45,000
Tyler, TX	Retail (2)	1.2	72,000
Mesquite, TX	Retail (2)	1.1	22,900
Fayetteville, GA	Retail (2)	1.1	65,951
Onalaska, WI	Retail	1.1	63,919
Melville, NY	Industrial	1.1	51,351
Richmond, VA	Retail (2)	1.0	38,788
Amarillo, TX	Retail (2)	1.0	72,227
Virginia Beach, VA	Retail (2)	1.0	58,937
Selden, NY	Retail	1.0	14,550
Lexington, KY	Retail (2)	.9	30,173
Duluth, GA	Retail (2)	.9	50,260
Antioch, TN	Retail	.9	34,059
Newport News, VA	Retail (2)	.9	49,865
Grand Rapids, MI	Health & Fitness	.9	72,000
Gurnee, IL	Retail	.8	22,768
Batavia, NY	Retail	.7	23,483
St. Louis, MO	Retail	.7	30,772
Somerville, MA	Retail	.7	12,054
Hauppauge, NY	Retail	.7	7,000
Fairview Heights, IL	Retail	.7	31,252
Bluffton, SC	Retail (2)	.7	35,011
Houston, TX	Retail	.6	12,000
Ferguson, MO	Retail	.6	32,046
New Hyde Park, NY	Industrial	.6	89,000
Vicksburg, MS	Retail	.5	2,790
Florence, KY	Retail	.5	31,252
Killeen, TX	Retail	.5	8,000
Flowood, MS	Retail	.4	4,505
Bastrop, LA	Retail	.4	2,607
Monroe, LA	Retail	.4	2,756
D'Iberville, MS	Retail	.4	2,650
Kentwood, LA	Retail	.4	2,578
Monroe, LA	Retail	.4	2,806
Vicksburg, MS	Retail	.4	4,505
Rosenberg, TX	Retail	.3	8,000
West Palm Beach, FL	Industrial	.3	10,361
Seattle, WA	Retail	.2	3,038
		100%	3,873,896

Properties Owned by Joint Ventures (5)

Location	Type of Property	Percentage of Our Share of Rent Payable in 2008 to Our Joint Ventures	Approximate Building Square Feet
Lincoln, NE	Retail	41.8%	112,260
Milwaukee, WI	Industrial	38.9	927,685
Miami, FL	Industrial	10.7	396,000
Savannah, GA	Retail	8.6	101,550
Shreveport, LA (6)	Retail	Vacant	17,108
		100%	1,554,603

(1) Percentage of 2008 contractual rental income payable to us pursuant to leases as of December 31, 2007, including rental income payable on our tenancy in common interest and excluding rental income from our property that is held for sale.

(2) This property is leased to a retail furniture operator.

(3) An undivided 50% interest in this property is owned by us as tenant in common with an unrelated entity. Percentage of contractual rental income indicated represents our share of the 2008 rental income. Approximate square footage indicated represents the total rentable square footage of the property.

(4) Property has two tenants, of which approximately 53% is leased to a retail furniture operator.

(5) Each property is owned by a joint venture in which we are a venture partner. Except for the joint venture which owns the Miami, Florida property, in which we own a 36% economic interest, we own a 50% economic interest in each joint venture. Approximate square footage indicated represents the total rentable square footage of the property owned by the joint venture.

(6) This property was held for sale at December 31, 2007.

The occupancy rate for our properties (including the property in which we own a tenancy in common interest), based on total rentable square footage, was 100% as of December 31, 2007 and 2006. The occupancy rate for the properties owned by our joint ventures (except for a property located in Monroe, New York which was vacant land and was sold by the joint venture in March 2007), based on total rentable square footage, was approximately 98.9% as of December 31, 2007 and 2006.

As of December 31, 2007, the 66 properties owned by us and the five properties owned by our joint ventures are located in 28 states. The following tables set forth certain information, presented by state, related to our properties and properties owned by our joint ventures as of December 31, 2007.

Our Properties

State	Number of Properties (1)		2008 Contractual Rental Income	Approximate Building Square Feet
Texas	10	$	6,241,132	519,523
New York	9		5,676,108	615,754
Georgia	5		2,568,977	266,691
Maryland	1		2,340,923	367,000
New Jersey	1		1,928,241	106,680
Ohio	2		1,546,990	197,144
Minnesota	1		1,541,441	338,000
Tennessee	2		1,324,086	69,389
Louisiana	5		1,277,934	64,976
California	1		1,251,797	106,262
North Carolina	1		1,242,019	61,213
Other	27		8,988,637	1,161,264
	65	$	35,928,285	3,873,896

Properties Owned by Joint Ventures

State	Number of Properties		Our Share of Rent Payable in 2008 to Our Joint Ventures	Approximate Building Square Feet
Nebraska	1	$	603,594	112,260
Wisconsin	1		562,500	927,685
Florida	1		154,488	396,000
Georgia	1		123,750	101,550
Louisiana	1(2)		-	17,108
	5	$	1,444,332	1,554,603

(1) Excludes a property owned by us, located in Pennsylvania, which is held for sale.

(2) This vacant property was held for sale at December 31, 2007.

At December 31, 2007, we had first mortgages on 57 of the 66 properties we owned as of that date (including our 50% tenancy in common interest, but excluding properties owned by our joint ventures). At December 31, 2007, we had approximately $215.5 million of mortgage loans outstanding, bearing interest at rates ranging from 5.13% to 8.8%. Substantially all of our mortgage loans contain prepayment penalties. In addition, we had one outstanding loan payable with a balance of approximately $6.5 million at December 31, 2007, bearing interest at 6.25%. The following table sets forth scheduled principal mortgage and loan payments due for our properties as of December 31, 2007 (assumes no payment is made on principal on any outstanding mortgage or loan in advance of its due date):

YEAR	PRINCIPAL PAYMENTS DUE IN YEAR INDICATED