

MONMOUTH REAL ESTATE INVESTMENT CORP
Form 10-Q
May 09, 2012

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

FORM 10-Q

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

For the quarterly period ended March 31, 2012

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

For the transition period from _____ to _____

Commission File Number: 001-33177

MONMOUTH REAL ESTATE INVESTMENT CORPORATION

(Exact name of registrant as specified in its charter)

Maryland
(State or other jurisdiction of
incorporation or organization)

22-1897375
(I.R.S. Employer
identification number)

Juniper Business Plaza, 3499 Route 9 North, Suite 3-C, Freehold, NJ 07728
(Address of Principal Executive Offices) (Zip Code)

Registrant's telephone number, including area code **(732) 577-9996**

(Former name, former address and former fiscal year, if changed since last report.)

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 Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (sec. 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to

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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 (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if smaller reporting company)
Company

Smaller Reporting Company

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

Yes No

The number of shares outstanding of the issuer's common stock as of May 7, 2012 was 40,236,875 shares.

MONMOUTH REAL ESTATE INVESTMENT CORPORATION

AND SUBSIDIARIES

FOR THE QUARTER ENDED MARCH 31, 2012

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ITEM 1. Financial Statements (Unaudited)

MONMOUTH REAL ESTATE INVESTMENT CORPORATION AND SUBSIDIARIES (MREIC)**CONSOLIDATED BALANCE SHEETS****AS OF MARCH 31, 2012 AND SEPTEMBER 30, 2011**

<u>ASSETS</u>	March 31,	September 30,
	2012	2011
	(Unaudited)	
Real Estate Investments:		
Land	\$ 86,109,176	\$ 82,115,823
Buildings and Improvements	441,331,671	394,815,902
Total Real Estate Investments	527,440,847	476,931,725
Accumulated Depreciation	(73,493,533)	(67,908,169)
Net Real Estate Investments	453,947,314	409,023,556
Real Estate Held for Sale	-0-	2,561,727
Cash and Cash Equivalents	11,556,257	6,376,808
Securities Available for Sale at Fair Value	44,068,756	44,265,059
Tenant and Other Receivables	1,326,562	1,018,733
Deferred Rent Receivable	1,759,489	1,661,027
Loans Receivable, net	119,315	187,384
Prepaid Expenses	1,274,247	556,541
Financing Costs, net of Accumulated Amortization of		
\$2,267,058 and \$2,122,218, respectively	3,352,910	2,405,426
Lease Costs, net of Accumulated Amortization of		
\$987,416 and \$825,709, respectively	1,141,065	1,227,451
Intangible Assets, net of Accumulated Amortization of		
\$5,893,470 and \$5,253,659, respectively	8,472,569	5,757,880
Other Assets	1,633,398	1,945,244
TOTAL ASSETS	\$ 528,651,882	\$ 476,986,836

See Accompanying Notes to the Consolidated Financial Statements

MONMOUTH REAL ESTATE INVESTMENT CORPORATION AND SUBSIDIARIES (MREIC)

CONSOLIDATED BALANCE SHEETS CONTINUED

AS OF MARCH 31, 2012 AND SEPTEMBER 30, 2011

<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>	March 31,	
	2012	September 30,
	(Unaudited)	
		2011
Liabilities:		
Mortgage Notes Payable	\$ 233,639,856	\$ 211,614,170
Subordinated Convertible Debentures	8,790,000	8,915,000
Loans Payable	13,700,000	16,860,950
Accounts Payable and Accrued Expenses	2,107,118	2,129,658
Other Liabilities	4,582,041	2,924,386
Total Liabilities	262,819,015	242,444,164
Shareholders' Equity:		
Series A 7.625% Cumulative Redeemable Preferred		
Stock, \$0.01 Par Value Per Share; 2,139,750 Shares		
Authorized, Issued and Outstanding as of March 31, 2012		
and September 30, 2011	\$ 53,493,750	\$ 53,493,750
Common Stock - \$0.01 Par Value Per Share, 70,000,000 and 50,000,000 Shares Authorized; 40,222,375 and 36,785,037 Shares Issued and 40,222,375 and 36,780,037 Shares Outstanding as of March 31, 2012 and September 30, 2011, respectively	402,224	367,850
Excess Stock - \$0.01 Par Value Per Share, 5,000,000 Shares		
Authorized; No Shares Issued or Outstanding	-0-	-0-
Treasury Stock at Cost, -0- and 5,000 Shares as of		
March 31, 2012 and September 30, 2011, respectively	-0-	(24,905)
Additional Paid-In Capital	207,698,321	179,392,039
Accumulated Other Comprehensive Income	4,597,031	2,368,163
Loans to Officers, Directors and Key Employees	(394,089)	(1,082,813)
Undistributed Income	-0-	-0-
Total MREIC S Shareholders Equity	265,797,237	234,514,084
Noncontrolling Interests	35,630	28,588

Total Shareholders' Equity		265,832,867		234,542,672
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	\$	528,651,882	\$	476,986,836

See Accompanying Notes to the Consolidated Financial Statements

MONMOUTH REAL ESTATE INVESTMENT CORPORATION AND SUBSIDIARIES (MREIC)

CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

FOR THE THREE AND SIX MONTHS ENDED MARCH 31, 2012 AND 2011

	Three Months Ended		Six Months Ended	
	03/31/12	03/31/11	03/31/12	03/31/11
INCOME:				
Rental Revenue	\$10,691,955	\$10,141,478	\$21,413,589	\$20,105,710
Reimbursement Revenue	1,959,848	1,947,393	4,033,688	4,020,030
Lease Termination Income	3,222,283	-0-	3,222,283	-0-
TOTAL INCOME	15,874,086	12,088,871	28,669,560	24,125,740
EXPENSES:				
Real Estate Taxes	1,766,589	1,790,397	3,692,089	3,612,464
Operating Expenses	596,646	612,020	1,249,849	1,267,749
General & Administrative Expense	926,267	953,572	1,941,500	2,092,582
Acquisition Costs	261,382	2,191	565,724	405,474
Depreciation	2,830,118	2,556,103	5,615,773	5,087,287
Amortization	528,382	452,463	1,156,839	884,573
TOTAL EXPENSES	6,909,384	6,366,746	14,221,774	13,350,129
OTHER INCOME (EXPENSE):				
Interest and Dividend Income	892,506	760,761	1,841,832	1,487,358
Gain on Securities Transactions, net	2,209,257	1,000,503	4,997,715	3,808,525
Interest Expense	(3,779,879)	(3,717,387)	(7,633,597)	(7,552,071)
TOTAL OTHER INCOME (EXPENSE)	(678,116)	(1,956,123)	(794,050)	(2,256,188)
INCOME FROM CONTINUING OPERATIONS				
	8,286,586	3,766,002	13,653,736	8,519,423
INCOME FROM DISCONTINUED OPERATIONS				
	-0-	67,081	19,628	128,258
NET INCOME	8,286,586	3,833,083	13,673,364	8,647,681
Less: Net Income Attributable to				
Noncontrolling Interests	26,554	18,946	47,309	47,353

NET INCOME ATTRIBUTABLE				
 TO MREIC S SHAREHOLDERS	8,260,032	3,814,137	13,626,055	8,600,328
Less: Preferred dividend	1,019,805	1,019,805	2,039,610	2,039,610
NET INCOME ATTRIBUTABLE TO				
 MREIC S COMMON SHAREHOLDERS	\$7,240,227	\$2,794,332	\$11,586,445	\$6,560,718

See Accompanying Notes to Consolidated Financial Statements

MONMOUTH REAL ESTATE INVESTMENT CORPORATION AND SUBSIDIARIES (MREIC)**CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED) CONTINUED****FOR THE THREE AND SIX MONTHS ENDED MARCH 31, 2012 AND 2011**

	Three Months Ended		Six Months Ended	
	03/31/12	03/31/11	03/31/12	03/31/11
BASIC INCOME PER SHARE				
Income from Continuing Operations	\$0.21	\$0.11	\$0.35	\$0.25
Income from Discontinued Operations	-0-	-0-	-0-	-0-
Net Income	0.21	\$0.11	0.35	\$0.25
Less: Net Income Attributable to Noncontrolling Interests	(-0-)	(-0-)	(-0-)	(-0-)
Net Income Attributable to MREIC s Shareholders	0.21	0.11	0.35	0.25
Less: Preferred Dividend	(0.03)	(0.03)	(0.05)	(0.06)
Net Income Attributable to MREIC s	\$0.18	\$0.08	\$0.30	\$0.19
Common Shareholders - Basic				
DILUTED INCOME (LOSS) PER SHARE				
Income from Continuing Operations	\$0.21	\$0.11	\$0.35	\$0.25
Income from Discontinued Operations	-0-	-0-	-0-	-0-
Net Income	0.21	\$0.11	0.35	\$0.25
Less: Net Income Attributable to Noncontrolling Interests	(-0-)	(-0-)	(-0-)	(-0-)
Net Income Attributable to MREIC s Shareholders	0.21	0.11	0.35	0.25
Less: Preferred Dividend	(0.03)	(0.03)	(0.05)	(0.06)
Net Income Attributable to MREIC s	\$0.18	\$0.08	\$0.30	\$0.19
Common Shareholders - Diluted				

**WEIGHTED AVERAGE
COMMON**

SHARES OUTSTANDING

Basic	39,883,133	34,612,707	38,631,103	34,315,313
Diluted	40,043,673	34,670,344	38,749,864	34,367,412

See Accompanying Notes to Consolidated Financial Statements

MONMOUTH REAL ESTATE INVESTMENT CORPORATION AND SUBSIDIARIES**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)****FOR THE THREE AND SIX MONTHS ENDED MARCH 31, 2012 AND 2011**

	Three Months Ended		Six Months Ended	
	03/31/12	03/31/11	03/31/12	3/31/11
Net Income	\$8,286,586	\$3,833,083	\$13,673,364	\$8,647,681
Other Comprehensive Income:				
Unrealized Holding Gains Arising During the Period	5,549,436	2,388,536	7,226,583	3,000,685
Reclassification adjustment for Net Gains Realized in Income	(2,209,257)	(1,000,503)	(4,997,715)	(3,808,525)
TOTAL COMPREHENSIVE INCOME	11,626,765	5,221,116	15,902,232	7,839,841
Less: Comprehensive Income Attributable to Noncontrolling Interests	26,554	18,946	47,309	47,353
COMPREHENSIVE INCOME	11,600,211	5,202,170	15,854,923	7,792,488
ATTRIBUTABLE				
TO MREIC S SHAREHOLDERS				
Less: Preferred Dividend	1,019,805	1,019,805		