

MONMOUTH REAL ESTATE INVESTMENT CORP
Form 10-Q
February 04, 2015

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 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 December 31, 2014

() 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)

<u>Maryland</u>	<u>22-1897375</u>
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer identification number)

<u>Juniper Business Plaza, 3499 Route 9 North, Suite 3-C, Freehold, NJ 07728</u>	
(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 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)

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

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

Class Outstanding Shares of Common Stock as of February 2, 2015

Common Stock, \$0.01 par value per share	58,107,626
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Table of Contents

MONMOUTH REAL ESTATE INVESTMENT CORPORATION

AND SUBSIDIARIES

FOR THE QUARTER ENDED DECEMBER 31, 2014

C O N T E N T S

	Page No
PART I FINANCIAL INFORMATION	
Item 1 - Financial Statements (Unaudited):	
<u>Consolidated Balance Sheets</u>	3
<u>Consolidated Statements of Income</u>	5
<u>Consolidated Statements of Comprehensive Income</u>	7
<u>Consolidated Statements of Cash Flows</u>	8
<u>Notes to Consolidated Financial Statements</u>	9
Item 2 - <u>Management's Discussion and Analysis of Financial Condition and Results of Operations.</u>	18
Item 3 - <u>Quantitative and Qualitative Disclosures About Market Risk.</u>	29
Item 4 - <u>Controls and Procedures.</u>	29
PART II - OTHER INFORMATION	
Item 1 - <u>Legal Proceedings.</u>	30
Item 1A - <u>Risk Factors.</u>	30
Item 2 - <u>Unregistered Sales of Equity Securities and Use of Proceeds.</u>	30
Item 3 - <u>Defaults Upon Senior Securities.</u>	30
Item 4 - <u>Mine Safety Disclosures.</u>	30
Item 5 - <u>Other Information.</u>	30
Item 6 - <u>Exhibits.</u>	30
<u>SIGNATURES</u>	31

Table of Contents

ITEM 1. Financial Statements (Unaudited)

MONMOUTH REAL ESTATE INVESTMENT CORPORATION AND SUBSIDIARIES**CONSOLIDATED BALANCE SHEETS****AS OF DECEMBER 31, 2014 AND SEPTEMBER 30, 2014**

<u>ASSETS</u>	December 31,	
	2014	September 30,
	(Unaudited)	2014
Real Estate Investments:		
Land	\$ 115,624,827	\$ 109,858,989
Buildings and Improvements	698,856,918	634,068,423
Total Real Estate Investments	814,481,745	743,927,412
Accumulated Depreciation	(111,488,453)	(107,004,184)
Net Real Estate Investments	702,993,292	636,923,228
Cash and Cash Equivalents	15,300,618	20,474,661
Securities Available for Sale at Fair Value	51,530,990	59,311,403
Tenant and Other Receivables	2,528,252	1,312,975
Deferred Rent Receivable	4,091,010	3,759,031
Prepaid Expenses	4,070,112	2,764,795
Financing Costs, net of Accumulated Amortization of		
\$3,902,723 and \$3,710,149, respectively	4,812,059	4,356,264
Capitalized Lease Costs, net of Accumulated Amortization of		
\$2,025,962 and \$1,886,457, respectively	3,195,198	2,741,414
Intangible Assets, net of Accumulated Amortization of		
\$10,102,465 and \$9,740,983, respectively	6,637,523	6,490,881
Other Assets	5,307,695	5,622,048
TOTAL ASSETS	\$ 800,466,749	\$ 743,756,700

See Accompanying Notes to the Consolidated Financial Statements

Table of Contents**MONMOUTH REAL ESTATE INVESTMENT CORPORATION AND SUBSIDIARIES****CONSOLIDATED BALANCE SHEETS – CONTINUED****AS OF DECEMBER 31, 2014 AND SEPTEMBER 30, 2014**

	December 31,	
	2014	September 30, 2014
	(Unaudited)	
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities:		
Mortgage Notes Payable	\$324,458,410	\$287,796,006
Loans Payable	40,190,477	25,200,000
Accounts Payable and Accrued Expenses	3,965,654	4,930,041
Other Liabilities	7,821,162	5,199,571
Total Liabilities	376,435,703	323,125,618
COMMITMENTS AND CONTINGENCIES		
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 December 31, 2014		
and September 30, 2014	53,493,750	53,493,750
Series B - 7.875% Cumulative Redeemable Preferred		
Stock, \$0.01 Par Value Per Share: 2,300,000 Shares		
Authorized, Issued and Outstanding as of December 31, 2014		
and September 30, 2014	57,500,000	57,500,000
Common Stock, \$0.01 Par Value Per Share: 200,000,000 Shares		
Authorized as of December 31, 2014 and September 30, 2014;		
57,809,349 and 57,008,754 Shares Issued and Outstanding as of		
December 31, 2014 and September 30, 2014, respectively	578,093	570,088
Excess Stock, \$0.01 Par Value Per Share: 200,000,000 Shares		
Authorized as of December 31, 2014 and September 30, 2014;	-0-	-0-
No Shares Issued or Outstanding as of December 31, 2014 and		

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September 30, 2014

Additional Paid-In Capital	312,000,928	308,945,888
Accumulated Other Comprehensive Income	458,275	121,356
Undistributed Income	-0-	-0-
Total Shareholders' Equity	424,031,046	420,631,082

TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	\$ 800,466,749	\$ 743,756,700
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See Accompanying Notes to the Consolidated Financial Statements

Table of Contents**MONMOUTH REAL ESTATE INVESTMENT CORPORATION AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)****FOR THE THREE MONTHS ENDED DECEMBER 31, 2014 AND 2013**

	Three Months Ended	
	12/31/2014	12/31/2013
INCOME:		
Rental Revenue	\$15,430,215	\$13,570,722
Reimbursement Revenue	2,247,315	2,090,433
Lease Termination Income	238,625	-0-
TOTAL INCOME	17,916,155	15,661,155
EXPENSES:		
Real Estate Taxes	1,988,743	1,857,055
Operating Expenses	1,002,248	719,437
General & Administrative Expense	1,240,585	1,120,463
Acquisition Costs	391,569	462,864
Depreciation	4,484,268	3,813,246
Amortization of Capitalized Lease Costs and Intangible Assets	475,495	443,226
TOTAL EXPENSES	9,582,908	8,416,291
OTHER INCOME (EXPENSE):		
Interest and Dividend Income	1,035,457	938,768
Gain on Sale of Securities Transactions, net	377,087	150,725
Interest Expense	(4,129,565)	(3,875,141)
Amortization of Financing Costs	(192,574)	(169,018)
TOTAL OTHER INCOME (EXPENSE)	(2,909,595)	(2,954,666)
NET INCOME	5,423,652	4,290,198
Less: Preferred Dividend	2,151,758	2,151,758
NET INCOME ATTRIBUTABLE TO		
COMMON SHAREHOLDERS	\$3,271,894	\$2,138,440

See Accompanying Notes to Consolidated Financial Statements

5

Table of Contents

MONMOUTH REAL ESTATE INVESTMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

FOR THE THREE MONTHS ENDED DECEMBER 31, 2014 AND 2013 - CONTINUED

	Three Months Ended	
	12/31/2014	12/31/2013
BASIC INCOME – PER SHARE		
Net Income	\$0.10	\$0.10
Less: Preferred Dividend	(0.04)	(0.05)
Net Income Attributable to Common		
	\$0.06	\$0.05
Shareholders - Basic		
 DILUTED INCOME – PER SHARE		
Net Income	\$0.10	\$0.10
Less: Preferred Dividend	(0.04)	(0.05)
Net Income Attributable to Common		
	\$0.06	\$0.05
Shareholders - Diluted		
 WEIGHTED AVERAGE COMMON		
SHARES OUTSTANDING		
Basic	57,289,411	45,243,275
Diluted	57,445,812	45,331,446

See Accompanying Notes to Consolidated Financial Statements

6

Table of Contents

MONMOUTH REAL ESTATE INVESTMENT CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE THREE MONTHS ENDED DECEMBER 31, 2014 AND 2013

	Three Months Ended	
	12/31/2014	12/31/2013
NET INCOME	\$5,423,652	\$4,290,198
Other Comprehensive Income:		
Unrealized Holding Gains (Losses) Arising During the Period	714,006	(1,399,380)
Reclassification Adjustment for Net Gains Realized in Income	(377,087)	(150,725)
TOTAL COMPREHENSIVE INCOME	5,760,571	2,740,093
Less: Preferred Dividend	2,151,758	2,151,758
COMPREHENSIVE INCOME ATTRIBUTABLE TO COMMON SHAREHOLDERS	\$3,608,813	\$588,335

See Accompanying Notes to the Consolidated Financial Statements

7

Table of Contents**MONMOUTH REAL ESTATE INVESTMENT CORPORATION AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)****FOR THE THREE MONTHS ENDED DECEMBER 31, 2014 AND 2013**

	Three Months Ended	
	12/31/2014	12/31/2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income	\$5,423,652	\$4,290,198
Noncash Items Included in Net Income:		
Depreciation & Amortization	5,152,337	4,425,490
Stock Compensation Expense	90,232	86,497
Gain on Sale of Securities Transactions, net	(377,087)	(150,725)
Changes In:		
Tenant, Deferred Rent and Other Receivables	(1,521,764)	(2,838,404)
Prepaid Expenses	(1,305,317)	(1,919,279)
Other Assets and Capitalized Lease Costs	(257,867)	(72,902)
Accounts Payable, Accrued Expenses and Other Liabilities	1,157,204	3,572,955
NET CASH PROVIDED BY OPERATING ACTIVITIES	8,361,390	7,393,830
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Real Estate and Intangible Assets	(68,338,125)	(73,860,759)
Capital and Land Site Improvements	(2,224,333)	(5,322,605)
Return of Deposits on Real Estate	1,300,000	1,800,000
Deposits Paid on Acquisitions of Real Estate	(1,325,000)	(250,500)
Proceeds from Sale of Securities Available for Sale	9,584,334	1,996,362
Purchase of Securities Available for Sale	(1,089,914)	(11,539,599)
Collections on Loans Receivable	3,932	4,138
NET CASH USED IN INVESTING ACTIVITIES	(62,089,106)	