

MONMOUTH REAL ESTATE INVESTMENT CORP
Form 10-Q
August 07, 2013

**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 June 30, 2013

() 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)
number)

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

**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 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 Common Shares as of August 1, 2013

Common

Stock,

\$.01 par 43,570,243

value per

share

Table of Contents

MONMOUTH REAL ESTATE INVESTMENT CORPORATION

AND SUBSIDIARIES

FOR THE QUARTER ENDED JUNE 30, 2013

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 Operations</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>	19
Item 3 - <u>Quantitative and Qualitative Disclosures About Market Risk.</u>	29
Item 4 - <u>Controls and Procedures.</u>	29
PART II - <u>OTHER INFORMATION</u>	
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 JUNE 30, 2013 AND SEPTEMBER 30, 2012**

<u>ASSETS</u>	June 30,	September 30,
	2013	(Unaudited) 2012
Real Estate Investments:		
Land	\$94,210,414	\$88,559,914
Buildings and Improvements	515,649,906	457,557,443
Total Real Estate Investments	609,860,320	546,117,357
Accumulated Depreciation	(87,814,254)	(78,230,873)
Net Real Estate Investments	522,046,066	467,886,484
Real Estate Held for Sale	-0-	1,080,940
Cash and Cash Equivalents	13,130,363	24,650,858
Securities Available for Sale at Fair Value	46,769,416	61,685,173
Tenant and Other Receivables	1,508,019	1,116,825
Deferred Rent Receivable	3,106,167	2,214,501
Loans Receivable, net	70,166	87,916
Prepaid Expenses	2,652,698	1,428,454
Financing Costs, net of Accumulated Amortization of		
\$2,911,888 and \$2,546,806, respectively	3,774,984	3,213,762
Lease Costs, net of Accumulated Amortization of		
\$1,318,937 and \$1,156,699, respectively	2,131,876	1,518,780
Intangible Assets, net of Accumulated Amortization of		
\$7,929,649 and \$6,731,014, respectively	7,086,391	7,635,026
Other Assets	3,319,672	1,988,983
TOTAL ASSETS	\$605,595,818	\$574,507,702

See Accompanying Notes to the Consolidated Financial Statements

Table of Contents**MONMOUTH REAL ESTATE INVESTMENT CORPORATION AND SUBSIDIARIES****CONSOLIDATED BALANCE SHEETS – CONTINUED****AS OF JUNE 30, 2013 AND SEPTEMBER 30, 2012**

	June 30,	September 30, 2012
LIABILITIES AND SHAREHOLDERS' EQUITY	2013	(Unaudited)
Liabilities:		
Mortgage Notes Payable	\$247,615,974	\$237,943,911
Subordinated Convertible Debentures	-0-	8,615,000
Loans Payable	17,200,000	5,200,000
Accounts Payable and Accrued Expenses	5,009,996	3,881,769
Other Liabilities	4,090,240	3,179,883
Total Liabilities	273,916,210	258,820,563
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 June 30, 2013		
and September 30, 2012	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 June 30, 2013		
and September 30, 2012	57,500,000	57,500,000
Common Stock, \$0.01 Par Value Per Share: 67,700,000 Shares		
Authorized as of June 30, 2013 and September 30, 2012;		
43,208,646 and 40,696,692 Shares Issued and Outstanding as of		
June 30, 2013 and September 30, 2012, respectively	432,086	406,967
Excess Stock, \$0.01 Par Value Per Share: 5,000,000 Shares		
Authorized; No Shares Issued or Outstanding	-0-	-0-
Additional Paid-In Capital	216,111,383	198,902,485

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Accumulated Other Comprehensive Income	4,142,389	5,383,937
Undistributed Income	-0-	-0-
Total Shareholders' Equity	331,679,608	315,687,139
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	\$605,595,818	\$574,507,702

See Accompanying Notes to the Consolidated Financial Statements

Table of Contents**MONMOUTH REAL ESTATE INVESTMENT CORPORATION AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)****FOR THE THREE AND NINE MONTHS ENDED JUNE 30, 2013 AND 2012**

	Three Months Ended		Nine Months Ended	
	6/30/2013	6/30/2012	6/30/2013	6/30/2012
INCOME:				
Rental Revenue	\$11,712,134	\$10,689,908	\$34,759,795	\$32,039,489
Reimbursement Revenue	2,342,130	1,853,819	5,428,168	5,309,507
Lease Termination Income	-0-	-0-	690,730	3,222,283
TOTAL INCOME	14,054,264	12,543,727	40,878,693	40,571,279
EXPENSES:				
Real Estate Taxes	1,731,667	1,347,215	4,013,129	4,447,510
Operating Expenses	959,643	922,657	2,453,443	2,192,987
General & Administrative Expense	1,405,833	1,150,607	3,645,241	3,092,107
Severance Expenses	-0-	965,083	-0-	965,083
Acquisition Costs	74,137	55,236	459,999	620,960
Depreciation	3,193,923	2,816,487	9,583,380	8,393,473
Amortization of Lease Costs and Intangible Assets	480,807	458,349	1,451,523	1,259,867
TOTAL EXPENSES	7,846,010	7,715,634	21,606,715	20,971,987
OTHER INCOME (EXPENSE):				
Interest and Dividend Income	844,001	732,906	2,972,026	2,574,738
Gain on Securities Transactions, net	1,062,614	680,068	6,976,086	5,677,783
Interest Expense	(3,764,949)	(3,809,005)	(11,483,255)	(11,442,602)
Amortization of Financing Costs	(164,476)	(195,144)	(497,361)	(550,465)
TOTAL OTHER INCOME (EXPENSE)	(2,022,810)	(2,591,175)	(2,032,504)	(3,740,546)
INCOME FROM CONTINUING OPERATIONS	4,185,444	2,236,918	17,239,474	15,858,746
INCOME (LOSS) FROM DISCONTINUED OPERATIONS				
	(4,898)	(3,657)	291,560	570
NET INCOME	4,180,546	2,233,261	17,531,034	15,859,316
Less: Preferred Dividend	2,151,758	1,321,680	6,455,274	3,361,289
NET INCOME ATTRIBUTABLE TO				
COMMON SHAREHOLDERS	\$2,028,788	\$911,581	\$11,075,760	\$12,498,027

See Accompanying Notes to Consolidated Financial Statements

5

Table of Contents**MONMOUTH REAL ESTATE INVESTMENT CORPORATION AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)****FOR THE THREE AND NINE MONTHS ENDED JUNE 30, 2013 AND 2012 - CONTINUED**

	Three Months Ended		Nine Months Ended	
	6/30/2013	6/30/2012	6/30/2013	6/30/2012
BASIC INCOME – PER SHARE				
Income from Continuing Operations	\$0.10	\$0.06	\$0.41	\$0.41
Income from Discontinued Operations	-0-	-0-	\$0.01	-0-
Net Income	\$0.10	0.06	\$0.42	0.41
Less: Preferred Dividend	(0.05)	(0.04)	(0.15)	(0.09)
Net Income Attributable to Common	\$0.05	\$0.02	\$0.27	\$0.32
Shareholders - Basic				
DILUTED INCOME – PER SHARE				
Income from Continuing Operations	\$0.10	\$0.06	\$0.41	\$0.41
Income from Discontinued Operations	-0-	-0-	\$0.01	-0-
Net Income	\$0.10	0.06	\$0.42	0.41
Less: Preferred Dividend	(0.05)	(0.04)	(0.16)	(0.09)
Net Income Attributable to Common	\$0.05	\$0.02	\$0.26	\$0.32
Shareholders - Diluted				
WEIGHTED AVERAGE COMMON				
SHARES OUTSTANDING				
Basic	42,638,000	40,111,951	41,767,240	39,122,918
Diluted	42,822,813	40,339,937	41,958,863	39,275,805

See Accompanying Notes to Consolidated Financial Statements

6

