

MONMOUTH REAL ESTATE INVESTMENT CORP
Form 10-Q
August 06, 2014

**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, 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	<u>(732)</u>
<u>577-9996</u>	

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(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 August 1, 2014
Common Stock, \$.01 par value per share	56,481,750

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MONMOUTH REAL ESTATE INVESTMENT CORPORATION

AND SUBSIDIARIES

FOR THE QUARTER ENDED JUNE 30, 2014

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<u>ASSETS</u>	June 30, 2014 (Unaudited)	September 30, 2013
Real Estate Investments:		
Land	\$ 106,345,267	\$ 97,400,859
Buildings and Improvements	607,572,631	530,493,968
Total Real Estate Investments	713,917,898	627,894,827
Accumulated Depreciation	(102,874,886)	(91,095,415)
Net Real Estate Investments	611,043,012	536,799,412
Cash and Cash Equivalents	42,715,197	12,404,512
Securities Available for Sale at Fair Value	60,642,153	45,451,740
Tenant and Other Receivables	418,563	889,645
Deferred Rent Receivable	3,467,618	3,158,286
Prepaid Expenses	3,128,777	2,201,270
Financing Costs, net of Accumulated Amortization of \$3,519,701 and \$3,061,640, respectively	4,329,219	3,823,919
Lease Costs, net of Accumulated Amortization of \$1,749,413 and \$1,414,861, respectively	2,668,122	2,183,772
Intangible Assets, net of Accumulated Amortization of \$9,387,746 and \$8,333,680, respectively	6,844,117	6,727,360
Other Assets	4,135,188	3,600,950
TOTAL ASSETS	\$ 739,391,966	\$ 617,240,866

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, 2014 AND SEPTEMBER 30, 2013**

LIABILITIES AND SHAREHOLDERS' EQUITY	June 30,	September 30,
	2014	(Unaudited) 2013
Liabilities:		
Mortgage Notes Payable	\$279,866,364	\$250,093,382
Loans Payable	25,200,000	22,200,000
Accounts Payable and Accrued Expenses	5,189,066	5,404,883
Other Liabilities	5,596,935	3,627,630
Total Liabilities	315,852,365	281,325,895

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, 2014

and September 30, 2013, respectively 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, 2014

and September 30, 2013, respectively 57,500,000 57,500,000

Common Stock - \$0.01 Par Value Per Share: 200,000,000 and
67,700,000 Shares Authorized as of June 30, 2014 and
September 30, 2013, respectively; 56,349,045 and 44,488,509
Shares Issued and Outstanding as of June 30, 2014 and
September 30, 2013, respectively

563,490 444,885

Excess Stock - \$0.01 Par Value Per Share: 200,000,000 and

5,000,000 Shares Authorized as of June 30, 2014 and

-0- -0-

September 30, 2013, respectively; No Shares Issued or

Outstanding		
Additional Paid-In Capital	308,045,595	222,487,068
Accumulated Other Comprehensive Income	3,936,766	1,989,268
Undistributed Income	-0-	-0-
Total Shareholders' Equity	423,539,601	335,914,971
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	\$ 739,391,966	\$ 617,240,866

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 AND NINE MONTHS ENDED JUNE 30, 2014 AND 2013**

	Three Months Ended		Nine Months Ended	
	6/30/2014	6/30/2013	6/30/2014	6/30/2013
INCOME:				
Rental Revenue	\$13,383,738	\$11,712,134	\$41,039,489	\$34,759,795
Reimbursement Revenue	2,356,132	2,342,130	6,706,841	5,428,168
Lease Termination Income	1,182,890	-0-	1,182,890	690,730
TOTAL INCOME	16,922,760	14,054,264	48,929,220	40,878,693
EXPENSES:				
Real Estate Taxes	1,997,324	1,731,667	5,626,181	4,013,129
Operating Expenses	865,519	959,643	2,714,499	2,453,443
General & Administrative Expenses	1,505,292	1,405,833	3,954,011	3,645,241
Acquisition Costs	-0-	74,137	462,864	459,999
Depreciation	3,991,113	3,193,923	11,779,471	9,583,380
Amortization of Lease Costs and Intangible Assets	451,338	480,807	1,346,023	1,451,523
TOTAL EXPENSES	8,810,586	7,846,010	25,883,049	21,606,715
OTHER INCOME (EXPENSE):				
Interest and Dividend Income	941,924	844,001	2,877,486	2,972,026
Gain on Sale of Securities Transactions, net	907,171	1,062,614	1,483,245	6,976,086
Interest Expense	(4,170,104)	(3,764,949)	(12,230,617)	(11,483,255)
Amortization of Financing Costs	(197,617)	(164,476)	(535,297)	(497,361)
TOTAL OTHER INCOME (EXPENSE)	(2,518,626)	(2,022,810)	(8,405,183)	(2,032,504)
INCOME FROM CONTINUING				
OPERATIONS	5,593,548	4,185,444	14,640,988	17,239,474
(LOSS) INCOME FROM DISCONTINUED				
OPERATIONS	-0-	(4,898)	-0-	291,560
NET INCOME	5,593,548	4,180,546	14,640,988	17,531,034
Less: Preferred Dividend	2,151,758	2,151,758	6,455,274	6,455,274
NET INCOME ATTRIBUTABLE TO				
COMMON SHAREHOLDERS	\$3,441,790	\$2,028,788	\$8,185,714	\$11,075,760

See Accompanying Notes to Consolidated Financial Statements

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	Three Months Ended		Nine Months Ended	
	6/30/2014	6/30/2013	6/30/2014	6/30/2013
BASIC INCOME – PER SHARE				
Income from Continuing Operations	\$0.11	\$0.10	\$0.31	\$0.41
Income from Discontinued Operations	0.00	0.00	0.00	0.01
Net Income	0.11	0.10	0.31	0.42
Less: Preferred Dividend	(0.04)	(0.05)	(0.14)	(0.15)
Net Income Attributable to Common Shareholders - Basic	\$0.07	\$0.05	\$0.17	\$0.27
DILUTED INCOME – PER SHARE				
Income from Continuing Operations	\$0.11	\$0.10	\$0.31	\$0.41
Income from Discontinued Operations	0.00	0.00	0.00	0.01
Net Income	0.11	0.10	0.31	0.42
Less: Preferred Dividend	(0.04)	(0.05)	(0.14)	(0.16)
Net Income Attributable to Common Shareholders - Diluted	\$0.07	\$0.05	\$0.17	\$0.26
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING				
Basic	50,659,518	42,638,000	47,541,797	41,767,240
Diluted	50,760,023	42,822,813	47,634,310	41,958,863

See Accompanying Notes to Consolidated Financial Statements

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MONMOUTH REAL ESTATE INVESTMENT CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE THREE AND NINE MONTHS ENDED JUNE 30, 2014 AND 2013

	Three Months Ended		Nine Months Ended	
	6/30/2014	6/30/2013	6/30/2014	6/30/2013
Net Income	\$5,593,548	\$4,180,546	\$14,640,988	\$17,531,034
Other Comprehensive Income:				
Unrealized Holding Gains (Losses) Arising During the Period	1,594,440	(717,578)		