MONMOUTH REAL ESTATE INVESTMENT CORP
Form 8-K
November 18, 2002

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) November 6, 2002

MONMOUTH REAL ESTATE INVESTMENT CORPORATION
(Exact name of Registrant as specified in its charter)

Delaware	0-4258	22-1897375
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification Number)

3499 Route 9N, Suite 3C, Freehold, NJ 07728
(Address of principal executive offices)

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

(Former name or former address, if changed since last report.)

Item 5. Other Events.

On November 6, 2002, Monmouth Real Estate Investment Corporation (Registrant) purchased a 288,211 square foot manufacturing and warehouse facility in Tolleson, Arizona from Centex Industrial Buckeye I, LLC, an unrelated entity. This warehouse facility is 100% net leased to Western Container Corporation, which manufactures plastic bottles for Coca-Cola soft drink products. The lease is guaranteed by Coca-Cola Enterprises. The purchase price was approximately $14,800,000. Monmouth Real Estate Investment Corporation paid approximately $550,000 in cash, borrowed approximately $2,200,000 against its security portfolio with Prudential Securities, used approximately $1,100,000 of its revolving line of credit with Fleet Bank and obtained a mortgage of approximately $10,950,000. This mortgage payable is at an interest rate of 5.8% and is due November 1, 2012. The property acquired is commercial rental property and will continue to be used as such.

The following are the material factors to be considered in assessing the property:

* Description of Property - The property acquired is a 288,211 square foot manufacturing and warehouse facility located at 9860 West Buckeye Road, Tolleson, Maricopa County, Arizona.

* Occupancy Rate and Number of Tenants - The commercial rental property acquired was constructed in 2002. Commencing March 26, 2002, the property was 100% occupied under a 10-year net lease agreement with Western Container Corporation. This net lease agreement provides that operating expenses, including property taxes, insurance, landscaping, utilities and repairs in the ordinary course of business, be borne by the tenant.

* Principal Business of Tenant - Western Container Corporation uses this property as a manufacturing and warehouse facility of plastic bottles. Registrant believes that Western Container Corporation will continue to use this property as such.

* Principal Provisions of Lease - The following are the principal provisions of the lease:

Term	Monthly Rent
5/1/02-4/30/07	$101,030
5/1/07-4/30/12	106,081

At the end of the lease term, the tenant has two (5) year options to renew at a rent based on the increase in the consumer price index.

The Seller assigned the lease to Registrant.

* Basis of Acquired Property for Depreciation - The basis for depreciation is the purchase price of the property. Approximately $13,400,000 of the purchase price is attributable to building and improvements, which will be depreciated over a 39 year life on a straight-line basis (Modified Accelerated Recovery System). The residual is attributable to land.

* Anticipated Capital Improvements - The Registrant does not anticipate any significant capital improvements during the term of the lease described above.

* Insurance Coverage - Insurance on the property is

paid for by the tenant. In the opinion of the Registrant, this coverage is adequate.

Registrant knows of no other material factors relating to the property acquired other that those discussed in this Form 8-K.

The following is pro forma financial information. The impact of the property acquired to the financial statements of the Registrant is as follows:

ADJUSTMENTS TO STATEMENT OF INCOME

Rental and Occupancy Charges - Increase of $1,245,000 based upon amortization of the total rental payments for scheduled rent over the remaining lease term.

Interest Expense - Increase of $753,000 based upon a mortgage of $10,950,000 at 5.8% interest and total monthly principal and interest payments of $89,379, a margin line increase of $2,200,000 currently at 3.75% and a revolving line of credit balance increase of $1,100,000 at prime (currently 4.25%).

Depreciation Expense - Increase of $344,000 based upon $13,400,000 of the purchase price being attributed to building and improvements, and straight-line depreciation over a 39 year life.

Net Income - Increase of $148,000 (rental and occupancy Charges less interest expense and depreciation expense).

The effect of cash made available by operations will be an increase of $492,000 (net income plus depreciation).

ADJUSTMENTS TO THE BALANCE SHEET AT DATE OF PURCHASE

Cash and Cash Equivalents - Decrease of $550,000, the amount of cash used for the purchase.

Land and Buildings, Improvements and Equipment - Increase of $14,800,000, based on the purchase price.

Notes Payable - Increase of $3,300,000, the total amount used on the margin line and the revolving line of credit.

Mortgage Notes Payable - Increase of $10,950,000, the amount of the mortgage on the acquired property.

Registrant knows of no other financial statement item which would be materially affected by the acquired property.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

MONMOUTH REAL ESTATE INVESTMENT CORPORATION

By: /s/ ANNA T. CHEW
Controller

DATE: November 18,2002

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