

MONMOUTH REAL ESTATE INVESTMENT CORP

Form FWP

April 08, 2010

Monmouth Real Estate Investment Corporation

NASDAQ:MNRTA

April 2010

Investor Presentation

Free Writing Prospectus
Dated April 7, 2010

Registration Statement No. 333-161668
Filed Pursuant to Rule 433 of the
Securities Act of 1933

Statements contained in this presentation that are not historical facts are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended and Section 21E of the Securities Exchange Act of 1934, as amended. Also, when we use any of the words “anticipate,” “assume,” “believe,” “estimate,” “expect,” “intend,” or similar expressions, we are making forward-looking statements. These forward-looking statements are not guarantees and are based on our current intentions and current expectations and assumptions. These statements, intentions, expectations and assumptions involve risks and uncertainties, some of which are beyond our control that could cause actual results or events to differ materially from those we anticipate or project, such as: the ability of our tenants to make payments under their respective leases; our reliance on certain major tenants and our ability to re-lease properties that are currently vacant or that become vacant; our ability to obtain suitable tenants for our properties; changes in real estate market conditions and general economic conditions; the inherent risks associated with owning real estate, including local real estate market conditions, governing laws and regulations and illiquidity of real estate investments; our ability to sell properties at an attractive price; our ability to repay debt financing obligations; our ability to refinance amounts outstanding under our credit facilities at maturity on terms favorable to us; the loss of any member of our management team; our ability to comply with certain debt covenants; our ability to integrate acquired properties and operations into existing operations; continued availability of debt or equity capital; market conditions affecting our equity capital; changes in interest rates under our current credit facilities and under any additional variable rate debt arrangements that we may enter into in the future; our ability to implement successfully our selective acquisition strategy; our ability to maintain internal controls and procedures to ensure all transactions are accounted for properly, all relevant disclosures and filings are timely made in accordance with all rules and regulations and any potential fraud or embezzlement is thwarted or detected; changes in federal or state tax rules or regulations that could have adverse tax consequences; and our ability to qualify as a real estate investment trust for federal income tax purposes. You should not place undue reliance on these forward-looking statements, as events described or implied in such statements may not occur. We undertake no obligation to update or revise any forward-looking statements as a result of new information, future events or otherwise. Monmouth Real Estate Investment Corporation (“Monmouth”) has filed a registration statement (including a prospectus) with the SEC for the offering to which this communication relates. Before you invest, you should read the prospectus in that registration statement and other documents Monmouth has filed with the SEC for more complete information about Monmouth and this offering. You may get these documents for free by visiting EDGAR on the SEC Web site at: www.sec.gov. Alternatively, Monmouth or CSCA Capital Advisors, LLC will arrange to send you the prospectus if you request it by calling 212-446-9177.

Notices

Properties

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Offering

- u Issuer: Monmouth Real Estate Investment Corporation
 - u Offering: 3,000,000 shares of common stock
 - u Market Price: \$8.57 per share
 - u Est. Gross Proceeds: \$25.7 million (1)
 - u Use of Proceeds: Acquisitions and general corporate purposes
 - u Cash Dividend / Yield: \$0.60 per share (2) / 7.0%
 - u Exchange / Ticker: NASDAQ / "MNRTA"
 - u Placement Agent: CSCA Capital Advisors, LLC
 - (1) Market price as of 4/5/10.
 - (2) Annualized cash dividend.
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u 43rd year of operation

u Focused on the ownership of net-leased industrial properties

u 61 industrial properties and 1 shopping center representing 6.9 million square feet (1)

u Geographically diversified portfolio across 25 states

u Quality roster of investment grade tenants:

u 90% of gross income from investment grade tenants (2)

u 48% of GLA leased to FedEx Corp., which has a S&P credit rating of BBB (1)

u \$27 million income-oriented diversified portfolio of REIT preferred and equity securities

u Recently added to the Wilshire REIT Index

Company Overview

(1) Includes the 1/27/10 acquisition in Dallas, TX.

(2) Excludes gross income from two vacant and two multi-tenant facilities.

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Portfolio Overview

- u 62 properties (1)
- u 6.9 million square feet (1)
 - u 25 states
- u 110,500 square feet avg. size
 - u 96% leased
- u 5.0 years avg. lease maturity
- u \$5.76 avg. rent per sq ft (2)

(1) Includes the 1/27/10 acquisition in Dallas, TX.

(2) Rent per square foot excludes reimbursement revenue.

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Geographic Focus

Annual Rent by State

Square Footage by State

Annual Rent = \$37.9 Million

Total Square Footage = 6.9 Million

Data as of 12/31/09 pro forma to reflect the 1/27/10 acquisition in Dallas, TX.

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High Quality Tenants

Tenant Mix by Annual Rent

Tenant Mix by Square Footage

Annual Rent = \$37.9 Million

Total Square Footage = 6.9 Million

Data as of 12/31/09 pro forma to reflect the 1/27/10 acquisition in Dallas, TX.

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Operating Strategy

- u Proactively manage existing tenant relationships
 - u Strong history of tenant retention - rate exceeds 90%
 - u Balance portfolio tenant concentration and credit quality
 - u Maintain geographic diversification across key distribution states
 - u Work with tenants to identify potential expansions in our existing portfolio. Rapidly rising levels of internet commerce is giving rise to expansion opportunities.
 - u Focus on high value properties where tenants house multi-million dollar logistical systems thereby making it more difficult and costly for them to move.
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Lease Expirations Well Dispersed

Rent per square foot excludes reimbursement revenue.

Data presented as of 12/31/09 pro forma for the 1/27/10 acquisition in Dallas, TX.

Avg. rent per square foot

u All 2010 lease maturities have been addressed

u Minimal rent roll down risk observed on lease renewals

Expiring square footage (000's)

- u Well positioned to take advantage of diminished competition in our sector
- u Evaluating over 2.0 million square feet of potential acquisition opportunities
 - u Focus on single-tenant industrial properties
 - u Target well-established investment grade tenants
- u Seek assets near major interstate highways, airports, international shipping ports and railroads
 - u Target metro markets in Florida, Texas, North Carolina, Missouri & Kansas
 - u Seek to add properties that are integral to our tenants' distribution networks
 - u Seek acquisition cap rates ranging from 8.0% to 9.5%

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Growth Strategy

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Attractive Recent Acquisitions

u \$41.5 million in acquisitions over the past 6 months representing 12% growth in GLA

u Attractive going-in unlevered yields of 8.5% to 8.9%

- u Maintain conservative capital structure - currently less than 50% leveraged
- u Opportunistically access equity capital markets - \$10.4 million net in 2009
- u Raise additional equity capital through DRIP plan - \$10.3 million in 2009
- u Leverage existing regional and local bank relationships to fund acquisition growth
- u Finance acquisitions with conventional fixed rate mortgage debt at modest LTVs
 - u No CMBS debt outstanding
- u Maintain reasonable dividend payout ratios

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Financing Strategy

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- (1) Reflects price as of 4/5/2010.
 - (2) Excludes 1/27/10 acquisition in Dallas, TX.
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Strong Liquidity Position
u \$8.8 million in cash
u \$27 million in REIT Marketable Securities
u Diversified portfolio
u Weighted towards REIT Preferreds
u Preferred stock ~ 72%
u Common stock ~ 28%
u 6% of percentage of total assets
Data presented as of 12/31/2009.

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Limited Near-Term Debt Maturities

u Stable capitalization with limited debt maturities through 2015

u 88% of debt consists of modest LTV asset level mortgage financing. No CMBS debt.

Data presented as of 12/31/09.

(1) Excludes \$11.7 million of mortgage debt maturing in January 2025 relating to the 1/27/10 acquisition in Dallas.

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Financial Highlights

FFO Per Share (1)

Funds from Operations (FFO) (1)

Note: Per Form 10-k dated 9/30/09 and Form 10-Q dated 12/31/09.

(1) Funds from Operations and Funds Available for Distributions are non-GAAP measures.

FFO

Non-cash Loss on Securities

Transactions, net

FFO / Share

Non-cash Loss on Securities

Transactions, net

FAD Per Share (1)

Revenues

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Solid Cash Dividend History

u 25% increase in dividends per share since 1991

u 100% cash dividends since inception

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Peer Group Analysis

Net Debt / Total Market Capitalization

Dividend Yield

2010E FFO Payout Ratio

2010E FFO Multiple

Source: SNL Financial. Reflects financial information as of 12/31/09 and stock prices as of 4/5/10.

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Peer Group Analysis
Source: SNL Financial.

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Total Return Performance

Source: Factset as of March 31, 2010.

Peer Group Includes: PLD, AMB, PSB, DCT, EGP, MSW, FPO, FR & GOOD.

1 Year

3 Year

5 Year

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Affiliate Company

- u Publicly-traded REIT (NYSE Amex: UMH) that owns and operates manufactured home communities
 - u In business since 1968, public company since 1985
 - u Market Capitalization = \$100 million
 - u 28 manufactured home communities, housing approximately 6,800 home sites
 - u Additional 500 acres of land for development
 - u Primary markets - NJ, NY, PA, OH and TN
 - u UMH owns 6% of MNRTA shares outstanding or approximately \$14 million in equity. Also owns \$5 million in MNRTA convertible debentures
 - u MNRTA owns 2% of UMH or \$2 million in value
 - u Recently added to the Russell 2000 Index
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Funds From Operations

Funds from operations (“FFO”) is defined as net income (computed in accordance with generally accepted accounting principles), excluding preferred dividends and gains or losses from sales of depreciable assets, plus real estate-related depreciation and amortization. FFO should be considered as a supplemental measure of operating performance used by REITs. The Company believes that FFO is helpful to investors as one of several measures of the performance of a REIT. FFO excludes historical cost depreciation as an expense and may facilitate the comparison of REITs which have different cost basis. The items excluded from FFO are significant components in understanding the Company’s financial performance. FFO (i) does not represent cash flow from operations as defined by generally accepted accounting principles; (ii) should not be considered as an alternative to net income as a measure of operating performance or to cash flows from operating, investing and financing activities; and (iii) is not an alternative to cash flow as a measure of liquidity. FFO, as calculated by the Company, may not be comparable to similarly entitled measures reported by other REITs.

The Company’s FFO is calculated as follows:

- (1) Consists of the gain on sale of the Franklin, MA and Ramsey, NJ properties in 2008 and the South Brunswick, NJ property in 2007. These gains (losses) are included in discontinued operations.
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Funds Available for Distribution

Funds Available from Distribution (“FAD”) is defined as net income (computed in accordance with generally accepted accounting principles), excluding preferred dividends and gains or losses from sales of depreciable assets, plus real estate-related depreciation and amortization, plus (Gain) loss on securities transactions, net, plus other non-real estate amortization, less straight-line rents and less capital expenditures . FAD should be considered as a supplemental measure of operating performance used by REITs.

The Company believes that FAD is helpful to investors as one of several measures of the performance of a REIT. FAD excludes historical cost depreciation as an expense and may facilitate the comparison of REITs which have different cost basis. The items excluded from FAD are significant components in understanding the Company’s financial performance.

FAD (i) does not represent cash flow from operations as defined by generally accepted accounting principles; (ii) should not be considered as an alternative to net income as a measure of operating performance or to cash flows from operating, investing and financing activities; and (iii) is not an alternative to cash flow as a measure of liquidity. FAD, as calculated by the Company, may not be comparable to similarly entitled measures reported by other REITs.

The Company’s FAD is calculated as follows:

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For additional information including all
SEC filings please visit:

The information on Monmouth's website is not, and shall not be deemed to be, a part of this presentation and filing or
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made with the SEC.
