MONMOUTH REAL ESTATE INVESTMENT CORP
Form S-11/A
May 29, 2012

As filed with the Securities and Exchange Commission on May 29, 2012

Registration Statement No. 333-181172

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Amendment No. 1 to
Registration Statement on
FORM S-11

FOR REGISTRATION
UNDER
THE SECURITIES ACT OF 1933
OF SECURITIES OF CERTAIN REAL ESTATE COMPANIES

MONMOUTH REAL ESTATE INVESTMENT CORPORATION

(Exact name of registrant as specified in its governing instruments)

Monmouth Real Estate Investment Corporation
Juniper Business Plaza, Suite 3-C, 3499 Route 9 North,
Freehold, New Jersey 07728
732-577-9996

(Address, including zip code, and telephone number,
including area code, of registrant s principal executive offices)

Eugene W. Landy, Esquire
President
Juniper Business Plaza, Suite 3-C, 3499 Route 9 North,
Freehold, New Jersey 07728
732-577-9996

(Name, address, including zip code, and telephone number,
including area code, of agent for service)

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Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of this registration statement.

If any of the Securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act, check the following box: o

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If delivery of the prospectus is expected to be made pursuant to Rule 434, check the following box. o

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 o	Accelerated filer x
Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

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The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the registration statement shall become effective on such date as the Commission acting pursuant to said Section 8(a) may determine.

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The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Preliminary Prospectus
Subject to Completion, dated May 29, 2012

2,000,000 Shares

% Series B Cumulative Redeemable Preferred Stock
(Liquidation Preference $25.00 Per Share)

Monmouth Real Estate Investment Corporation is offering 2,000,000 shares of our % Series B Cumulative Redeemable Preferred Stock, which we refer to in this prospectus as the Series B Preferred Stock. We have granted the underwriters an option to purchase up to 300,000 additional shares of Series B Preferred Stock to cover overallotments, if any.

We intend to pay cumulative dividends on the Series B Preferred Stock from (and including) June , 2012, in the amount of $ per share each year, which is equivalent to % of the $25.00 liquidation preference per share. Dividends will be payable quarterly in arrears on March 15, June 15, September 15 and December 15 of each year (or, if not a business day, then the next business day), beginning on September 17, 2012, to the holders of record on the applicable record date. The Series B Preferred Stock has no stated maturity, is not subject to any sinking fund or mandatory redemption, and will remain outstanding indefinitely unless redeemed or otherwise repurchased. Except in limited circumstances relating to our qualification as a real estate investment trust for federal income tax purposes, or REIT, and as described in this prospectus, the Series B Preferred Stock is not redeemable prior to June , 2017. On and after June , 2017, we may at our option redeem any or all of the outstanding shares of Series B Preferred Stock, at a cash redemption price per share of $25.00 plus all accumulated and unpaid dividends thereon (whether or not declared) to, but not including, the redemption date.

In addition, upon the occurrence of a Change of Control (as defined in this prospectus) or during any period of time (whether before or after June , 2017) that both (i) the Series B Preferred Stock is not listed on the New York Stock Exchange, or the NYSE, the NYSE Amex or the Nasdaq Stock Market, or the NASDAQ, or listed or quoted on a successor exchange or quotation system, and (ii) we are not subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, or the Exchange Act, but any Series B Preferred Stock is outstanding, which we refer to in this prospectus as a Delisting Event, we may, subject to certain conditions and at our option, redeem the Series B Preferred Stock, in whole or in part, within 120 days after the date of the Change of Control or 90 days after the date of the Delisting Event, for a cash redemption price per share of Series B Preferred Stock equal to $25.00 plus any accumulated and unpaid dividends thereon (whether or not declared) to, but not including, the redemption date.

Upon the occurrence of a Delisting Event or a Change of Control, each holder of Series B Preferred Stock will have the right (subject to our election to redeem the Series B Preferred Stock in whole or in part, as described above, prior to the applicable conversion date) to convert all or part of the shares of Series B Preferred Stock held by such holder on the applicable conversion date into a number of shares of our common stock, par value $0.01 per share, or common stock, per share of Series B Preferred Stock to be converted equal to the lesser of:

the quotient obtained by dividing (i) the sum of $25.00 plus the amount of any accumulated and unpaid dividends thereon (whether or not declared) to, but not including, the applicable conversion date (unless the applicable conversion date is after a record date set for payment of a dividend on the Series B Preferred Stock and prior to the corresponding payment date for such dividend, in which case no additional amount for such accrued and unpaid dividend will be included in this sum) by (ii) the Common Share Price (as defined in this prospectus); and

, or the Share Cap, subject to certain adjustments;

in each case, on the terms and subject to the conditions described in this prospectus, including provisions for the receipt, under specified circumstances, of alternative consideration as described in this prospectus.

Holders of the Series B Preferred Stock generally have no voting rights unless we fail to pay dividends for six or more quarterly periods, whether or not consecutive, and except in connection with certain amendments to our charter and other specified events. The Series B Preferred Stock will rank on a parity with our 7.625% Series A Cumulative Redeemable Preferred Stock, par value $0.01 per share, or the Series A Preferred Stock, and senior to our common stock with respect to dividend rights and rights upon liquidation, dissolution or winding up.

No current market exists for the Series B Preferred Stock. We intend to apply to list the Series B Preferred Stock on the NYSE under the symbol MNR-PRB. We expect trading of the shares on the NYSE to commence within the 30-day period after the initial issuance of the Series B Preferred Stock.

There are restrictions on ownership of the Series B Preferred Stock intended to preserve our qualification as a REIT. See Description of Stock Restrictions on Ownership and Transfer.

	Per share	Total
Public offering price	$	$
Underwriting discounts	$	$
Proceeds, before expenses, to us	$	$

We have granted the underwriters the right to purchase up to 300,000 additional shares of the Series B Preferred Stock from us at the public offering price, less the underwriting discount, within 30 days after the date of this prospectus to cover overallotments, if any.

Investing in the Series B Preferred Stock involves risks. See Risk Factors beginning on page 7 of this prospectus. You should also read carefully the risk factors described in our Securities and Exchange Commission filings, including our Annual Report on Form 10-K for the fiscal year ended September 30, 2011 and our Quarterly Reports on Form 10-Q for the quarterly periods ended December 31, 2011 and March 31, 2012, before investing in the Series B Preferred Stock.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the shares of the Series B Preferred Stock on or about , 2012, only in book-entry form through the facilities of The Depositary Trust Company.

BMO Capital Markets

Sole Book-Running Manager

Wunderlich Securities BB&T Capital Markets

Co-Lead Managers

CSCA Crowell, Weedon & Co. J.J.B. Hilliard, W.L. Lyons, LLC

Co-Managers

The date of this prospectus is , 2012

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You should rely only on the information contained in or incorporated by reference into this prospectus and any free writing prospectus prepared by us. We have not, and the underwriters have not, authorized anyone to provide you with additional information or different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are offering to sell, and seeking offers to buy, shares of the Series B Preferred Stock only in jurisdictions where offers and sales are permitted.

You should assume that the information contained in or incorporated by reference into this prospectus and any free writing prospectus prepared by us is accurate only as of their respective dates or on the date or dates which are specified in these documents. Our business, financial condition, results of operations and prospects may have changed since those dates.

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PROSPECTUS SUMMARY

This summary highlights some of the information in this prospectus. It does not contain all of the information that you should consider before investing in the Series B Preferred Stock. You should read carefully the more detailed information set forth under Risk Factors and the other information included in this prospectus, and the information incorporated by reference into this prospectus, including our audited consolidated financial statements and the accompanying notes in our Annual Report on Form 10-K for the fiscal year ended September 30, 2011 and our Quarterly Reports on Form 10-Q for the quarterly periods ended December 31, 2011 and March 31, 2012. Except where the context suggests otherwise, the terms our company, we, us and our refer to Monmouth Real Estate Investment Corporation, a Maryland corporation, together with its consolidated subsidiaries. Unless otherwise indicated, the information in this prospectus assumes no exercise of the underwriters overallotment option.

Our Company

Monmouth Real Estate Investment Corporation is a Maryland corporation that has elected to qualify as a REIT under Sections 856 through 860 of the Internal Revenue Code of 1986, as amended, or the Code, for federal income tax purposes. Our predecessor completed its initial public offering in December 1968.

Currently, we seek to invest in well-located, modern, industrial buildings leased to investment grade tenants pursuant to long-term net leases. We derive our income primarily from real estate rental operations. As of March 31, 2012, our property portfolio consisted of 70 rental properties, which included 69 industrial properties and one shopping center, located in 25 states and totaled approximately 8.3 million square feet. All of these properties are wholly-owned with the exception of two properties in New Jersey, in which we own a majority interest. All of our properties are leased on a net basis, except an industrial park in Monaca, Pennsylvania, and a shopping center located in Somerset, New Jersey. A concentration of our properties are leased to Federal Express Corporation, or FDX, or one of its subsidiaries, and as of March 31, 2012, approximately 3.5 million square feet, or approximately 42% of our property, was leased to FDX, or one of its subsidiaries. In addition, we invest in both debt and equity securities of other REITs. Our securities portfolio, to the extent not pledged to secure our borrowings, provides us with liquidity and additional income potential.

We allocate certain general and administrative expenses between us and UMH Properties, Inc., or UMH, a REIT which focuses its investments on manufactured home communities, based on use or services provided. We currently have 15 employees, some of whom also render services to UMH. Allocations of salaries and benefits of shared employees and certain overhead are made annually between us and UMH based on the amount of the employees time dedicated to each company, and other expenses are allocated based upon usage by each company. These allocations are reviewed by our audit committee.

Shares of our common stock and our 7.625% Series A Cumulative Redeemable Preferred Stock, par value $0.01 per share, trade on the New York Stock Exchange, or NYSE, under the trading symbols MNR and MNR.PRA, respectively.

Our principal executive offices are located at Juniper Business Plaza, Suite 3-C, 3499 Route 9 North, Freehold, New Jersey 07728, and our telephone number is (732) 577-9996. Our website can be accessed at *www.mreic.com*. Information contained on our website is not a part of this prospectus.

Recent Developments

We have entered into agreements to acquire two industrial properties in Texas and one industrial property in Oklahoma, subject to due diligence which we are currently conducting. The combined purchase price for these three properties will be approximately $32.0 million. We have made deposits of $900,000 on these acquisitions. Subject to the completion of satisfactory due diligence, we anticipate closing these three transactions during the second half of fiscal 2012 or the first half of fiscal 2013. The funds for all of these acquisitions are expected to come from our available line of credit, mortgages, other bank borrowings and proceeds from private or public placements of additional common or preferred stock. As of May 25, 2012, we had $11.5 million available under our line of credit. To the extent that funds or appropriate properties are not available, few or no acquisitions may be made.

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The Offering

Issuer

Monmouth Real Estate Investment Corporation, a Maryland corporation.

Securities Offered

2,000,000 shares (2,300,000 shares if the underwriters overallotment option is exercised in full) of our % Series B Cumulative Redeemable Preferred Stock, par value $0.01 per share.

Dividend Rate and Payment Dates

A holder of the Series B Preferred Stock will be entitled to receive cumulative cash dividends at the fixed rate of $ per share each year, which is equivalent to % of the $25.00 liquidation preference per share, per year. Dividends will be payable quarterly in arrears on the fifteenth day of March, June, September and December of each year (except that if any dividend payment date is not a business day, then the dividend which would otherwise have been payable on that dividend payment date may be paid or set apart for payment on the next succeeding business day). Dividends will accumulate and be cumulative from, and including, the date of original issuance, which is expected to be June , 2012. The first dividend will be payable on September 17, 2012 in the amount of $ per share to the persons who are the holders of record of the Series B Preferred Stock at the close of business on the corresponding record date, which we expect will be August 15, 2012. Dividends on the Series B Preferred Stock will continue to accumulate even if any provision of law or our agreements prohibits the current payment of dividends, we do not have earnings or funds legally available to pay the dividends or we do not declare the dividends. See Description of the Series B Preferred Stock Dividends.

Liquidation Preference

If we liquidate, dissolve or wind up, holders of the Series B Preferred Stock will be entitled to receive $25.00 per share plus an amount equal to any accumulated but unpaid dividends thereon (whether or not declared) to, but not including, the date of such payment, before any payment is made to the holders of our common stock. See Description of the Series B Preferred Stock Liquidation Preference.

Optional Redemption

The Series B Preferred Stock is not redeemable by us prior to June , 2017, except pursuant to provisions of our charter relating to restrictions on ownership and transfer of our stock or in limited circumstances relating to the preservation of our qualification as a REIT for federal income tax purposes and as set forth under the heading Special Optional Redemption below. On and after June , 2017, we may, at our option, redeem the Series B Preferred Stock, in whole or in part, from time to time, for a cash redemption price per share equal to $25.00 plus all accumulated and unpaid dividends thereon (whether or not declared) to, but not including, the redemption date.

Special Optional Redemption

Upon the occurrence of a Delisting Event (as defined below), we may, at our option and subject to certain conditions, redeem the Series B Preferred Stock, in whole or in part, within 90 days after the Delisting Event, for a cash redemption price per share of Series B Preferred Stock equal to $25.00 plus any accumulated and unpaid dividends thereon (whether or not declared), to, but not including, the redemption date.

Upon the occurrence of a Change of Control (as defined below), we may, at our option and subject to certain conditions, redeem the Series B Preferred Stock, in whole or in part, within 120 days after the first date on which such Change of Control occurred, for a cash redemption price per share of Series B Preferred Stock equal to

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$25.00 plus any accumulated and unpaid dividends thereon (whether or not declared) to, but not including, the redemption date.

A Delisting Event occurs when, after the original issuance of the Series B Preferred Stock, both (i) the Series B Preferred Stock is not listed on the NYSE, the NYSE Amex or the NASDAQ, or listed or quoted on an exchange or quotation system that is a successor to the NYSE, the NYSE Amex or the NASDAQ, and (ii) we are not subject to the reporting requirements of the Exchange Act, but any Series B Preferred Stock is outstanding.

A Change of Control occurs when, after the original issuance of the Series B Preferred Stock, the following have occurred and are continuing:

the acquisition by any person, including any syndicate or group deemed to be a person under Section 13(d)(3) of the Exchange Act, of beneficial ownership, directly or indirectly, through a purchase, merger or other acquisition transaction or series of purchases, mergers or other acquisition transactions, of shares of our stock entitling that person to exercise more than 50% of the total voting power of all outstanding shares of our stock entitled to vote generally in the election of directors (and such a person will be deemed to have beneficial ownership of all securities that such person has the right to acquire, whether such right is currently exercisable or is exercisable only upon the occurrence of a subsequent condition); and

following the closing of any transaction referred to in the bullet point above, neither we nor the acquiring or surviving entity has a class of common securities (or ADRs representing such securities) listed on the NYSE, the NYSE Amex or the NASDAQ, or listed or quoted on an exchange or quotation system that is a successor to the NYSE, the NYSE Amex or the NASDAQ.

Shares of Series B Preferred Stock designated for redemption will not be eligible to be converted upon the occurrence of a Delisting Event or Change of Control as described below.

Conversion Rights

Upon the occurrence of a Delisting Event or a Change of Control, as applicable, each holder of the Series B Preferred Stock will have the right (unless, prior to the applicable conversion date, we provide notice of our election to redeem such shares of Series B Preferred Stock) to convert all or part of the shares of Series B Preferred Stock held by such holder on the applicable conversion date into a number of shares of common stock per share of Series B Preferred Stock to be converted equal to the lesser of:

the quotient obtained by dividing (i) the sum of $25.00 plus the amount of any accumulated and unpaid dividends thereon (whether or not declared) to, but not including, the applicable conversion date (unless the applicable conversion date is after a record date set for payment of a dividend on the Series B Preferred Stock and on or prior to the corresponding dividend payment date, in which case no additional amount for such accrued and unpaid dividend will be included in this sum) by (ii) the Common Share Price (as defined below); and

, or the Share Cap, subject to adjustments to the Share Cap for any splits, subdivisions or combinations of the common stock;

in each case, on the terms and subject to the conditions described in this prospectus, including provisions for the receipt, under

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specified circumstances, of alternative consideration as described in this prospectus. See Description of the Series B Preferred Stock Conversion Rights.

The Common Share Price for any Change of Control will be (i) if the consideration to be received in the Change of Control by holders of shares of common stock is solely cash, the amount of cash consideration per share of common stock, and (ii) if the consideration to be received in the Change of Control by holders of shares of common stock is other than solely cash, the average of the closing price per share of the common stock on the 10 consecutive trading days immediately preceding, but not including, the effective date of the Change of Control. The Common Share Price for any Delisting Event will be the average of the closing price per share of common stock on the 10 consecutive trading days immediately preceding, but not including, the effective date of the Delisting Event.

The consideration that may be received upon conversion of shares of Series B Preferred Stock in the event of a Delisting Event or a Change of Control may be subject to adjustment and the receipt of alternative consideration if, in connection with the Change of Control or Delisting Event, shares of common stock are converted into or exchanged for cash, securities or other property or assets (including any combination thereof), as more fully described under the caption Description of the Series B Preferred Stock Conversion Rights.

If we provide proper notice of redemption of shares of Series B Preferred Stock, holders of shares of Series B Preferred Stock called for redemption will not have any right to convert such shares in connection with the Delisting Event or the Change of Control, as applicable, and any shares of Series B Preferred Stock subsequently selected for redemption that have been tendered for conversion will be redeemed on the related redemption date instead of converted on the applicable conversion date.

Except as provided above in connection with a Delisting Event or a Change of Control, or in connection with the restrictions on ownership and transfer of our stock contained in our charter, the Series B Preferred Stock is not convertible into or exchangeable for any other securities or property.

Notwithstanding any other provision of the Series B Preferred Stock, no holder of the Series B Preferred Stock will be entitled to convert such Series B Preferred Stock into shares of common stock to the extent that receipt of such shares of common stock would cause such holder (or any other person) to exceed the restrictions on ownership and transfer of our stock contained in our charter. See Description of Stock Restrictions on Ownership and Transfer.

No Maturity, Sinking Fund or Mandatory Redemption

The Series B Preferred Stock has no stated maturity and will not be subject to any sinking fund or mandatory redemption. Shares of the Series B Preferred Stock will remain outstanding indefinitely unless we decide, at our option, to exercise our redemption right or, under circumstances where the holders of the Series B Preferred Stock have a conversion right, such holders decide to convert the Series B Preferred Stock.

Restriction on Ownership and Transfer

In order to ensure that we remain a qualified REIT, our charter provides that no person may own, or be deemed to own by virtue of the attribution rules of the Code, more than 9.8%, in value or in number of shares (whichever is more restrictive), of our outstanding stock (other than shares of our excess stock), subject to certain exceptions. In addition, no person may own, or be deemed to own, shares of our stock (other than shares of our excess stock) that would result in shares of our stock being owned by fewer than 100 persons, our being closely held within the meaning of Section 856 of the Code or our otherwise failing to qualify as a REIT under the Code. See Description of Stock Restrictions on Ownership and Transfer.

Ranking

The Series B Preferred Stock will rank, as to dividend rights and rights upon liquidation, dissolution or winding up, (1) senior to our common stock and to all other equity securities issued by us other than equity securities referred to in clauses (2) and (3) below; (2) on a parity with the Series A Preferred Stock and with any class or series of equity securities classified by our board of directors in the future, the terms of which specifically provide that such equity securities rank on a parity with the Series B Preferred Stock with respect to rights to payment of dividends and distribution of assets upon our liquidation, dissolution or winding up; (3) junior to any class or series of equity securities classified by our board of directors in the future, the terms of which specifically provide that such class or series ranks senior to the Series B Preferred Stock with respect to rights to payment of dividends and distribution of assets upon our liquidation, dissolution or winding up; and (4) effectively junior to all of our existing and future indebtedness (including indebtedness convertible into common stock or preferred stock) and to the indebtedness of our existing subsidiaries and any future subsidiaries.

Further Issuances

We may classify and issue additional shares of Series B Preferred Stock ranking on a parity with the Series B Preferred Stock offered by this prospectus in all respects, so that such additional shares of Series B Preferred Stock will form a single series with the Series B Preferred Stock offered by this prospectus and will have the same terms.

Voting Rights

Holders of the Series B Preferred Stock will generally have no voting rights. However, if we do not pay dividends on the Series B Preferred Stock for six or more quarterly periods (whether or not declared or consecutive), holders of the Series B Preferred Stock (voting separately as a class with all other classes and series of our preferred stock ranking on a parity with the Series B Preferred Stock as to dividends and upon liquidation and upon which like voting rights have been conferred, including the Series A Preferred Stock, and are exercisable) will have the exclusive power to elect two additional directors to serve on our board of directors until all accumulated and unpaid dividends on the Series B Preferred Stock and each such other class or series of preferred stock have been fully paid or declared and set apart for payment. In addition, we may not authorize or issue any class or series of equity securities ranking senior to the Series B Preferred Stock as to dividends or distributions upon liquidation (including securities convertible into or exchangeable for any such senior equity securities) or amend our charter (whether by merger, consolidation or otherwise) to materially and adversely change the terms of the Series B Preferred Stock without the affirmative vote of the holders of at least two-thirds of the outstanding shares of Series B Preferred Stock, voting separately as a class with all other similarly-affected classes and series of our preferred stock ranking on a parity with the Series B Preferred Stock as to dividends and upon liquidation and upon which like voting rights have been conferred and are exercisable. See Description of the Series B Preferred Stock Voting Rights.

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Information Rights

During any period during which we are not subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act and any shares of Series B Preferred Stock are outstanding, we will (i) transmit by mail or other permissible means under the Exchange Act to all holders of Series B Preferred Stock as their names and addresses appear in our record books and without cost to such holders, copies of the Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K that we would have been required to file with the SEC pursuant to Section 13 or 15(d) of the Exchange Act if we were subject thereto (other than any exhibits that would have been required) within 15 days after the respective dates by which we would have been required to file such reports with the SEC if we were subject to Section 13 or 15(d) of the Exchange Act, in each case, based on the dates on which we would be required to file such periodic reports if we were an accelerated filer within the meaning of the Exchange Act, and (ii) within 15 days following written request, supply copies of such reports to any prospective holder of the Series B Preferred Stock.

Listing

No current market exists for the Series B Preferred Stock. We intend to apply to list the Series B Preferred Stock on the NYSE under the symbol MNR-PRB. We expect trading on the NYSE will commence within 30 days after the initial issuance of the Series B Preferred Stock. We cannot assure you that our listing application will be approved.

Form

The Series B Preferred Stock will be issued and maintained in book-entry form registered in the name of the nominee of The Depository Trust Company, or DTC, except under limited circumstances.

Use of Proceeds

We intend to use the net proceeds from this offering to purchase properties in the ordinary course of our business and for general corporate purposes. See Use of Proceeds.

Risk Factors

You should read carefully the Risk Factors beginning on page 7 of this prospectus as well as the risk factors relating to our business that are incorporated by reference in this prospectus for certain considerations relevant to investing in the Series B Preferred Stock.

Ratio of Earnings to Combined Fixed Charges and Preferred Stock Dividends

The following table sets forth our consolidated ratio of earnings to combined fixed charges and preferred stock dividends for the six months ended March 31, 2012, and for each of the last five fiscal years.

	Six Months Ended March 31,	Year Ended September 30,				
	2012	2011	2010	2009	2008	2007
Ratio of earnings to combined fixed charges and preferred stock dividends	2.2x	1.6x	1.5x	1.0x	1.1x	1.3x

For the purpose of computing these ratios, earnings have been calculated by adding fixed charges, excluding capitalized interest, to pre-tax income from continuing operations. Fixed charges consist of interest costs, whether expensed or capitalized, the estimated interest component of rental expenses and amortization.

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RISK FACTORS

An investment in the Series B Preferred Stock involves risks. In evaluating an investment in the Series B Preferred Stock, you should carefully consider the following risks, the risks described in our Annual Report on Form 10-K for the year ended September 30, 2011, and our Quarterly Reports for the quarterly periods ending December 31, 2011, and March 31, 2012, which are incorporated by reference into this prospectus, as well as the other information and data set forth in this prospectus and the documents incorporated by reference herein and therein before making an investment decision with respect to the Series B Preferred Stock. The occurrence of any of these risks could materially and adversely affect our business, financial condition, liquidity, results of operations, prospects and our ability to make cash dividends to holders of the Series B Preferred Stock, which could cause you to lose all or a significant portion of your investment in the Series B Preferred Stock. Some statements in this prospectus, including statements in the following risk factors, constitute forward-looking statements. See Cautionary Note Regarding Forward-Looking Statements.

Risks Relating to This Offering

There is no established market for the Series B Preferred Stock, and the liquidity of the Series B Preferred Stock could be substantially affected by various factors.

The Series B Preferred Stock is a new issue of securities with no established trading market. We intend to apply to list the Series B Preferred Stock on the NYSE. We cannot assure you that our listing application will be approved by the NYSE. Even if approved for listing by the NYSE, an active trading market on the NYSE for the Series B Preferred Stock may not develop or last, in which case, the trading price of the Series B Preferred Stock could be adversely affected. If an active trading market does develop on the NYSE, the Series B Preferred Stock may trade at prices higher or lower than its initial offering price.

The liquidity of any market for the Series B Preferred Stock that may develop will depend on many factors, including:

- prevailing interest rates;
- the market for similar securities;
- general economic conditions;
- the number of holders of the Series B Preferred Stock;
- the interests of securities dealers in making a market in the Series B Preferred Stock;
- our financial condition, results of operations and prospects; and
- the matters discussed in the prospectus under the captions Risk Factors and Forward-Looking Statements.

We have been advised by the underwriters that they intend to make a market in the Series B Preferred Stock, but they are not obligated to do so and may discontinue market-making at any time without notice.

We may incur additional indebtedness, which may harm our financial position and cash flow and potentially impact our ability to pay dividends on the Series B Preferred Stock.

Our governing documents do not limit us from incurring additional indebtedness and other liabilities. As of March 31, 2012, we and our subsidiaries had outstanding approximately $17.3 million of unsecured indebtedness (exclusive of intercompany debt, trade payables, dividends payable, accrued expenses and other liabilities) and approximately $238.8 million of secured indebtedness. We may incur additional indebtedness and become more highly leveraged, which could harm our financial position and potentially limit our cash available to pay dividends. As a result, we may not have sufficient funds remaining to satisfy our dividend obligations relating to the Series B Preferred Stock if we incur additional indebtedness.

The Series B Preferred Stock is subordinate to our debt, and your interests could be diluted by the issuance of additional preferred stock, including additional Series B Preferred Stock, and by other transactions.

The Series B Preferred Stock is subordinate to all of our existing and future debt, including subordinated debt. As described below, our existing debt restricts, and our future debt may include restrictions on, our ability to pay dividends on our preferred stock, including the Series B Preferred Stock. The issuance of additional preferred stock on a parity with or senior to the Series B Preferred Stock would dilute the interests of the holders of the Series B Preferred Stock, and any issuance of preferred stock senior to the Series B Preferred Stock or of

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additional indebtedness could affect our ability to pay dividends on, redeem or pay the liquidation preference on the Series B Preferred Stock. The affirmative vote of the holders of at least two-thirds of the outstanding shares of Series B Preferred Stock is required for us to authorize or issue shares of a class or series of preferred stock with rights to distributions or upon liquidation that are senior to the Series B Preferred Stock; however, the terms of the Series B Preferred Stock do not restrict our ability to incur additional indebtedness or issue shares of preferred stock on a parity with the Series B Preferred Stock. The Series B Preferred Stock does not contain any provision affording the holders of the Series B Preferred Stock protection in the event of a highly leveraged or other transaction, including a merger or the sale, lease or conveyance of all or substantially all of our assets or business, that might adversely affect the holders of the Series B Preferred Stock, so long as (and subject to exception) the terms of the Series B Preferred Stock are not materially and adversely affected.

The market price of the Series B Preferred Stock could be substantially affected by various factors.

The market price of the Series B Preferred Stock will depend on many factors, which may change from time to time, including:

- prevailing interest rates, increases in which may have an adverse effect on the market price of the Series B Preferred Stock;
- trading prices of common and preferred equity securities issued by REITs and other real estate companies;
- the annual yield from distributions on the Series B Preferred Stock as compared to yields on other financial instruments;
- general economic and financial market conditions;
- government action or regulation;
- the financial condition, performance and prospects of us and our competitors;
- changes in financial estimates or recommendations by securities analysts with respect to us, our competitors or our industry;
- our issuance of additional preferred equity or debt securities; and
- actual or anticipated variations in quarterly operating results of us and our competitors.

As a result of these and other factors, investors who purchase the Series B Preferred Stock in this offering may experience a decrease, which could be substantial and rapid, in the market price of the Series B Preferred Stock, including decreases unrelated to our operating performance or prospects.

The Series B Preferred Stock has not been rated.

We have not sought to obtain a rating for the Series B Preferred Stock. One or more rating agencies could, however, independently determine to issue a rating, which, if issued, could adversely affect the market price of the Series B Preferred Stock. In addition, we may elect in the future to obtain a rating of the Series B Preferred Stock, which could adversely impact the market price of the Series B Preferred Stock. Ratings reflect only the views of the rating agency or agencies issuing the ratings, and such ratings could be revised downward or withdrawn entirely at the discretion of the issuing rating agency if in the judgment of its analysts circumstances so warrant. Any such downward revision or withdrawal of a rating could have an adverse effect on the market price of the Series B Preferred Stock.

As a holder of Series B Preferred Stock, you will have limited voting rights.

Your voting rights as a holder of Series B Preferred Stock will be limited. Our common stock is the only class of our securities that carries full voting rights. Voting rights for holders of the Series B Preferred Stock exist primarily with respect to the ability to elect two additional directors to our board of directors in the event that six quarterly dividends (whether or not consecutive) payable on the Series B Preferred Stock are in arrears and with respect to voting on amendments to our charter that materially and adversely affect the terms of the Series B Preferred Stock or create additional classes or series of our stock senior to the Series B Preferred Stock with respect to distributions or upon liquidation. Other than the limited circumstances described in this prospectus, holders of the Series B Preferred Stock will not have any voting rights. See Description of the Series B Preferred Stock Voting Rights.

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The change of control conversion feature may not adequately compensate you upon a change of control of our company, and the change of control conversion and redemption features of the Series B Preferred Stock may make it more difficult for a party to take over our company or discourage a party from taking over our company.

Upon a Change of Control, holders of the Series B Preferred Stock will have the right (subject to our redemption rights) to convert all or part of their Series B Preferred Stock into shares of common stock (or equivalent value of alternative consideration) and under these circumstances we will also have a special optional redemption right to redeem the Series B Preferred Stock. See Description of the Series B Preferred Stock Special Optional Redemption and Conversion Rights. Upon such a conversion, holders of Series B Preferred Stock will not be entitled to receive more than shares of common stock per share of Series B Preferred Stock. If the Common Share Price is less than $ (which is approximately % of the per-share closing sale price of the common stock on May , 2012), subject to adjustment, holders will receive a maximum of shares of common stock per share of the Series B Preferred Stock, which may result in a holder receiving value that is less than the liquidation preference of its Series B Preferred Stock. In addition, those features of the Series B Preferred Stock may have the effect of inhibiting a third party from making an acquisition proposal for our company or of delaying, deferring or preventing a change in control of our company under circumstances that otherwise could provide the holders of shares of common stock and the Series B Preferred Stock with the opportunity to realize a premium over the then current market price or that holders may otherwise believe is in their best interests.

We may not be able to pay dividends regularly.

Our ability to pay dividends in the future is dependent on our ability to operate profitably and to generate cash from our operations and the operations of our subsidiaries. We may not be able to pay dividends on a regular quarterly basis in the future.

Our ability to pay dividends is limited by the requirements of Maryland law.

Our ability to pay dividends on the Series B Preferred Stock is limited by the laws of Maryland. Under the Maryland General Corporation Law, or the MGCL, a Maryland corporation generally may not make a distribution if, after giving effect to the distribution, the corporation would not be able to pay its debts as the debts become due in the usual course of business, or the corporation s total assets would be less than the sum of its total liabilities. Accordingly, we may not make a distribution on the Series B Preferred Stock if, after giving effect to the distribution, we may not be able to pay our debts as they become due in the usual course of business or our total assets would be less than the sum of our total liabilities.

If our leases are not respected as true leases for federal income tax purposes, we would fail to qualify as a REIT.

To qualify as a REIT, we must, among other things, satisfy two gross income tests, under which specified percentages of our gross income must be passive income, such as rent. For the rent paid pursuant to our leases, to qualify for purposes of the gross income tests, the leases must be respected as true leases for federal income tax purposes and not be treated as service contracts, joint ventures or some other type of arrangement. We believe that our leases will be respected as true leases for federal income tax purposes. However, there can be no assurance that the Internal Revenue Service, or the IRS, will agree with this view. If the leases are not respected as true leases for federal income tax purposes, we would not be able to satisfy either of the two gross income tests applicable to REITs, and we would most likely lose our REIT status.

Failure to make required distributions would subject us to additional tax.

In order to qualify as a REIT, we must, among other requirements, distribute, each year, to our stockholders at least 90% of our taxable income, excluding net capital gains. To the extent that we satisfy the 90% distribution requirement, but distribute less than 100% of our taxable income, we will be subject to federal corporate income tax on our undistributed income. In addition, we will incur a 4% nondeductible excise tax on the amount, if any, by which our distributions (or deemed distributions) in any year are less than the sum of:

- 85% of our ordinary income for that year;
- 95% of our capital gain net earnings for that year; and
- 100% of our undistributed taxable income from prior years.

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We intend to pay out our income to our stockholders in a manner intended to satisfy the distribution requirement. Differences in timing between the recognition of income and the related cash receipts or the effect of required debt amortization payments could require us to borrow money or sell assets to pay out enough of our taxable income to satisfy the distribution requirement and to avoid corporate income tax.

We may not have sufficient cash available from operations to pay distributions, and, therefore, distributions may be made from borrowings.

The actual amount and timing of distributions will be determined by our board of directors in its discretion and typically will depend on the amount of cash available for distribution, which will depend on items such as current and projected cash requirements and tax considerations. As a result, we may not have sufficient cash available from operations to pay distributions as required to maintain our status as a REIT. Therefore, we may need to borrow funds to make sufficient cash distributions in order to maintain our status as a REIT, which may cause us to incur additional interest expense as a result of an increase in borrowed funds for the purpose of paying distributions.

Disruptions in the financial markets could affect our ability to obtain financing on reasonable terms and have other adverse effects on us and the market price of the Series B Preferred Stock.

Over the last several years, the United States stock and credit markets have experienced significant price volatility, dislocations and liquidity disruptions, which have caused market prices of many stocks and debt securities to fluctuate substantially and the spreads on prospective debt financings to widen considerably. More recently, the financial crisis in Europe (which relates primarily to concerns that certain European countries may be unable to pay their national debt) has had a similar, although less pronounced, effect. These circumstances have materially impacted liquidity in the financial markets, making terms for certain financings less attractive, and in certain cases have resulted in the unavailability of certain types of financing. Unrest in certain Middle Eastern countries and the resultant increase in petroleum prices have added to the uncertainty in the capital markets. Continued uncertainty in the stock and credit markets may negatively impact our ability to access additional financing at reasonable terms, which may negatively affect our ability to acquire properties and otherwise pursue our investment strategy. A prolonged downturn in the stock or credit markets may cause us to seek alternative sources of potentially less attractive financing, and may require us to adjust our investment strategy accordingly. These types of events in the stock and credit markets may make it more difficult or costly for us to raise capital through the issuance of the common stock, preferred stock or debt securities. The potential disruptions in the financial markets may have a material adverse effect on the market value of the common stock and preferred stock, including the Series B Preferred Stock offered pursuant to this prospectus, and the return we receive on our properties and investments, as well as other unknown adverse effects on us or the economy in general.

If the common stock is delisted, your ability to transfer or sell your shares of the Series B Preferred Stock may be limited and the market value of the Series B Preferred Stock will likely be materially and adversely affected.

Other than in connection with a Change of Control, the Series B Preferred Stock does not contain provisions that are intended to protect you if the common stock is delisted from the NYSE. Since the Series B Preferred Stock has no stated maturity date, you may be forced to hold your shares of the Series B Preferred Stock and receive stated dividends on the Series B Preferred Stock when, as and if authorized by our board of directors and declared by us with no assurance as to ever receiving the liquidation value thereof. In addition, if the common stock is delisted from the NYSE, it is likely that the Series B Preferred Stock will be delisted from the NYSE as well. Accordingly, if the common stock is delisted from the NYSE, your ability to transfer or sell your shares of the Series B Preferred Stock may be limited and the market value of the Series B Preferred Stock will likely be materially and adversely affected.

Certain of our senior executive officers and other personnel also devote time to managing UMH, which may reduce the time they spend managing our company.

Certain of our officers and directors, and certain other employees, also serve as officers, directors or employees of UMH. These individuals responsibilities to our company and to UMH could reduce the amount of time they spend managing our company or create competition for the time and efforts of these individuals.

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We issued shares of our common stock under our Registration Statement on Form S-3 for our Dividend Reinvestment and Stock Purchase Plan when we were not eligible to use Form S-3, which may result in claims for rescission and other damages.

Due to the late filing of a Form 8-K, we temporarily lost our eligibility to register securities on a Form S-3 on December 12, 2011. Despite this ineligibility, we issued approximately 859,000 shares of common stock under our Form S-3 registration statement for our Dividend Reinvestment and Stock Purchase Plan, or our DRIP, in December 2011, January 2012 and February 2012. The aggregate purchase price of these shares was approximately $7.4 million. We have discontinued issuances under this registration statement. The purchasers of the shares issued pursuant to our DRIP when we were not eligible to issue shares under our registration statement on Form S-3 could bring claims against us for rescission and other damages under federal or state securities laws.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus, including the documents incorporated by reference, include forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements provide our current expectations or forecasts of future events. Forward-looking statements include statements about our expectations, beliefs, intentions, plans, objectives, goals, strategies, future events, performance and underlying assumptions and other statements that are not historical facts. You can identify forward-looking statements by their use of forward-looking words, such as may, will, anticipate, expect, believe, intend, plan, should, seek or c or the negative use of those words, but the absence of these words does not necessarily mean that a statement is not forward-looking.

The forward-looking statements are based on our beliefs, assumptions and expectations of our future performance, taking into account all information currently available to us. Forward-looking statements are not predictions of future events. These beliefs, assumptions and expectations can change as a result of many possible events or factors, not all of which are known to us. Some of these factors are described in this prospectus under the headings Prospectus Summary and Risk Factors, as well as Management s Discussion and Analysis of Financial Condition and Results of Operations as included in our Annual Report on Form 10-K for the fiscal year ended September 30, 2011 and our Quarterly Reports on Form 10-Q for the quarterly periods ended December 31, 2011 and March 31, 2012, which are incorporated by reference into this prospectus. These and other risks, uncertainties and factors could cause our actual results to differ materially from those included in any forward-looking statements we make. Any forward-looking statement speaks only as of the date on which it is made. New risks and uncertainties arise over time, and it is not possible for us to predict those events or how they may affect us. Except as required by law, we are not obligated to, and do not intend to, update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Important factors that could cause actual results to differ materially from our expectations include, among others:

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, economic conditions in the industrial sector 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 debt covenants;

our ability to integrate acquired properties and operations into existing operations;

continued availability of proceeds from our issuances of debt or equity securities;

the availability of other debt and equity financing alternatives;

market conditions affecting our debt and equity securities;

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;

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- declines in the market prices of our investment securities; and
- our ability to qualify as a REIT 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.

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USE OF PROCEEDS

We estimate that the net proceeds from this offering of the Series B Preferred Stock, after deducting underwriting discounts and commissions and estimated offering expenses payable by us, will be approximately $ million, or approximately $ million if the underwriters exercise their overallotment option in full.

We intend to use the net proceeds from this offering to purchase properties in the ordinary course of our business and for general corporate purposes. Until we use the net proceeds from this offering, they may be deposited in interest bearing cash accounts or invested in readily marketable, short-term securities (including money market accounts or other investments that may not be investment grade), which are consistent with maintaining our qualification as a REIT. These temporary investments are expected to provide a lower net return than we hope to achieve from our investments in properties.

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MARKET PRICE OF OUR COMMON STOCK AND DISTRIBUTIONS

Our common stock is traded on the NYSE under the symbol MNR. The following table sets forth, for the periods indicated, the high and low sale prices in dollars on the NYSE for our common stock and the distributions we declared with respect to the periods indicated. You should read this table together with information contained in Part II, Item 5 of our Annual Report on Form 10-K for the fiscal year ended September 30, 2011, which is incorporated herein by reference.

Fiscal 2012	High	Low	Distributions
First Quarter	$ 9.48	$ 7.51	$ 0.15
Second Quarter	$ 9.80	$ 8.93	$ 0.15
Third Quarter (through May 24, 2012)	$ 10.67	$ 9.29	

U.S. federal income tax law generally requires that a REIT distribute annually at least 90% of its REIT taxable income, without regard to the deduction for dividends paid and excluding net capital gains, and that it pay tax at regular corporate rates to the extent that it annually distributes less than 100% of its net taxable income. To satisfy the requirements to qualify as a REIT and generally not be subject to U.S. federal income and excise tax, we intend to make regular quarterly distributions of all or substantially all of our net taxable income to holders of our common stock out of assets legally available therefor.

We intend to make future regular quarterly distributions to holders of our common stock. However, any distributions we make in the future will be at the discretion of our board of directors and will depend upon, among other things, our actual results of operations, financial conditions, economic conditions, debt covenants, funding or margin requirements under credit facilities, repurchase agreements or other secured and unsecured borrowing agreements, applicable provisions of the MGCL and such other factors as our board of directors deems relevant.

Our earnings and financial condition will be affected by various factors, including the net interest and other income from our portfolio, our operating expenses and any other expenditures. For more information regarding risk factors that could materially adversely affect our earnings and financial condition, see Risk Factors included in our Annual Report on Form 10-K for the fiscal year ended September 30, 2011 and our Quarterly Reports on Form 10-Q for the quarterly periods ended December 31, 2011 and March 31, 2012, which are incorporated by reference into this prospectus.

Although we currently do not intend to do so, to the extent that in respect of any calendar year, cash available for distribution is less than our net taxable income, we could be required to sell assets or borrow funds to make cash distributions or make a portion of the required distribution in the form of a taxable stock distribution or distribution of debt securities. We will generally not be required to make distributions with respect to activities conducted through any domestic taxable REIT subsidiary, or TRS, that we form following the completion of this offering. For more information, see Material United States Federal Income Tax Considerations Taxation of the Company as a REIT General.

We anticipate that our distributions generally will be taxable as ordinary income to our stockholders, although a portion of the distributions may be designated by us as qualified dividend income or capital gain or may constitute a return of capital. In addition, a portion of such distributions may be taxable stock dividends payable in our shares. We will furnish annually to each of our stockholders a statement setting forth distributions paid during the preceding year and their characterization as ordinary income, return of capital, qualified dividend income or capital gain. For more information, see Material United States Federal Income Tax Considerations Taxation of the Company as a REIT General.

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CAPITALIZATION

The following table sets forth (1) our actual capitalization as of March 31, 2012 and (2) our capitalization as of March 31, 2012 on a pro forma basis to give effect to (A) the sale of the Series B Preferred Stock in this offering at an offering price of $25.00 per share after deducting underwriting discounts and estimated offering expenses payable by us. You should read this table together with Use of Proceeds and Selected Financial Data, included elsewhere in this prospectus, as well as our consolidated financial statements and notes thereto and Management s Discussion and Analysis of Financial Condition and Results of Operations included in our Annual Report on Form 10-K for the fiscal year ended September 30, 2011, and our Quarterly Reports on Form 10-Q for the quarterly periods ended December 31, 2011 and March 31, 2012, which are incorporated by reference into this prospectus.

	March 31, 2012	
	Actual	As Adjusted
	(In thousands, except per share data) (Unaudited)	
Debt:		
Notes payable, loans payable and Subordinated Convertible Debentures	$256,130	
Stockholders equity:		
Series A Preferred stock, $0.01 par value per share, 2,139,750 shares authorized, issued and outstanding actual and as adjusted	53,494	
Series B Preferred stock, $0.01 par value per share, no shares authorized, issued and outstanding, actual; 2,300,000 shares authorized and 2,000,000 shares issued and outstanding as adjusted[(1)]		
Excess stock, $0.01 par value per share, 5,000,000 shares authorized, no shares issued and outstanding actual and as adjusted		
Common stock, $0.01 par value per share, 70,000,000 shares authorized, 40,222,375 shares issued and outstanding actual; shares authorized and 40,222,375 issued and outstanding as adjusted[(2)]	402	
Additional paid-in capital	207,698	
Accumulated other comprehensive income	4,597	
Loans to officers, directors and key employees[(3)]	(394)	
Total MREIC shareholders equity	265,797	
Non-controlling interest	36	
Total stockholders equity	265,833	
Total capitalization	$521,963	$

(1) Excludes up to 300,000 shares of Series B Preferred Stock issuable by us upon exercise of the underwriters overallotment option.

(2) Excludes 864,342 shares of common stock reserved for future issuance under the Monmouth Real Estate Investment Corporation 2007 Stock Option and Stock Award Plan.

(3) Includes a loan made on April 30, 2002 to Mr. Eugene W. Landy, our President and Chief Executive Officer, which had a principal balance of approximately $394,000 on March 31, 2012, which was repaid in full on April 11, 2012.

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SELECTED FINANCIAL DATA

You should read the following selected financial data in conjunction with Management s Discussion and Analysis of Financial Condition and Results of Operations contained in our Annual Report on Form 10-K for the fiscal year ended September 30, 2011, and our Quarterly Reports on Form 10-Q for the quarterly periods ended December 31, 2011 and March 31, 2012, which are incorporated into this prospectus by reference.

The following table sets forth our selected financial and other information for the periods and as of the dates indicated.

	Six Months Ended March 31,		Year Ended September 30,				
	2012 (unaudited)	2011	2011	2010	2009	2008	2007
ATING DATA:							
and Reimbursement ue	$25,447,277	$24,125,740	$48,141,484	$45,212,822	$41,318,498	$39,148,259	$28,237,4
Loss) on Securities ctions, net	4,997,715	3,808,525	5,238,203	2,609,149	(6,601,460)	(3,660,283)	156,723
t and Dividend e	1,841,832	1,487,358	3,100,327	2,510,909	2,502,253	1,871,262	1,467,44
Expenses	14,221,774	13,350,129	26,371,825	24,156,744	21,338,477	20,494,612	15,217,3
n Sale of Investment ty						6,790,616	4,634,56
t Expense	7,633,597	7,552,071	14,870,906	14,822,725	13,897,398	13,138,767	8,969,08
e from Continuing ions	13,653,736	8,519,423	15,237,283	11,353,411	1,983,416	3,725,859	5,699,80
tinued Operations	19,628	128,258	265,868	(138,159)	(176,532)	7,436,780	5,117,83
come	13,673,364	8,647,681	15,503,151	11,215,252	1,806,884	11,162,639	10,842,3
come (Loss) able to MREIC s on Shareholders	11,586,445	6,560,718	11,338,979	8,486,301	(868,313)	8,501,551	8,947,88
e from Continuing ions Per Share							
	0.35	0.25	0.43	0.37	0.07	0.15	0.27
l	0.35	0.25	0.43	0.37	0.07	0.15	0.27
come (Loss) per on Share							
	0.30	0.19	0.32	0.28	(0.03)	0.35	0.41
l	0.30	0.19	0.32	0.28	(0.03)	0.35	0.41
NCE SHEET :							
Assets	$528,651,882	$474,004,709	$476,986,836	$454,118,797	$394,994,437	$389,077,597	$366,908,
state Investments,	453,947,314	408,596,239	409,023,556	389,588,435	345,880,581	346,605,272	321,409,
ge Notes Payable	233,639,856	211,615,442	211,614,170	210,577,861	192,050,283	191,947,632	174,352,
	8,790,000	8,940,000	8,915,000	13,990,000	13,990,000	14,990,000	14,990,0

oordinated rtible Debentures							
o Series A ative Redeemable ed Stock	53,493,750	53,493,750	53,493,750	33,062,500	33,062,500	33,062,500	33,062,5
hareholders Equity	265,832,867	234,728,069	234,542,672	215,512,472	164,891,150	159,910,964	167,214,
FLOW DATA:							
sh Provided (Used)							
ing Activities	$15,920,253	$10,696,869	$22,126,819	$18,995,659	$19,591,455	$17,438,835	$13,224,2
ng Activities	(43,439,002)	(14,394,033)	(30,247,168)	(55,701,769)	(11,655,914)	(39,831,002)	(25,526,8
ing Activities	32,698,198	4,315,501	7,682,604	37,439,775	(7,202,915)	16,345,092	21,668,4
R INFORMATION:							
e Number of on Shares nding Basic	38,631,103	34,315,313	35,083,457	30,371,217	24,981,427	24,131,497	21,050,8
from Operations*	$17,842,029	$12,246,745	$22,876,729	$19,108,910	$9,152,310	$11,397,238	$11,606,9
ividends Per on Share	0.30	0.30	0.60	0.60	0.60	0.60	0.60

* Funds from operations (FFO), is defined as net income, excluding gains (or losses) from sales of depreciable assets, plus depreciation and amortization of intangible assets. FFO should be considered as a supplemental measure of operating performance used by REITs. We believe 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 our financial performance.

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FFO (1) does not represent cash flow from operations as defined by generally accepted accounting principles; (2) should not be considered as an alternative to net income as a measure of operating performance or cash flows from operating, investing and financing activities; and (3) is not an alternative to cash flow as a measure of liquidity. FFO, as calculated by us, may not be comparable to similarly entitled measures reported by other REITs.

Our FFO is calculated as follows:

	Six Months Ended March 31,		Year Ended September 30,				
	2012	2011	2011	2010	2009	2008	2007
t Income	$13,673,364	$8,647,681	$15,503,151	$11,215,252	$1,806,884	$11,162,639	$10,792,936
ss: Net (Income) Loss to oncontrolling Interest	(47,309)	(47,353)	(84,953)	(207,737)	(153,983)	(139,744)	24,702
ss: Preferred Dividend	(2,039,610)	(2,039,610)	(4,079,219)	(2,521,214)	(2,521,214)	(2,521,344)	(1,869,753
ss: Gain on Sale of vestment Property(A)						(6,790,616)	(4,634,564
preciation	5,615,773	5,087,287	10,312,807	9,282,829	8,553,869	7,892,129	6,302,512
preciation Related to scontinued Operations		17,074	38,551	123,983	23,118	135,056	255,405
nortization of Lease angible Asset	639,811	581,666	1,186,392	1,215,797	1,443,636	1,659,118	735,682
O	$17,842,029	$12,246,745	$22,876,729	$19,108,910	$9,152,310	$11,397,238	$11,606,920

(A) Consists of the gain on sale of the Franklin, MA and Ramsey, NJ properties in 2008 and the gain on sale of the South Brunswick, NJ property in 2007. These gains are included in discontinued operations.

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BUSINESS AND PROPERTIES

Overview

Monmouth Real Estate Investment Corporation is a Maryland corporation that has elected to qualify as a REIT under Sections 856 through 860 of the Code for federal income tax purposes. Our predecessor completed its initial public offering in December 1968.

Shares of our common stock and our 7.625% Series A Cumulative Redeemable Preferred Stock, par value $0.01 per share, trade on the NYSE under the trading symbols MNR and MNR.PRA, respectively.

Business and Growth Strategies

Currently, we seek to invest in well-located, modern, industrial buildings leased to investment grade tenants pursuant to long-term net leases. We derive our income primarily from real estate rental operations. Our strategy is to obtain a favorable yield spread between the income from the net-leased industrial properties and cost of capital. In addition, management believes that investments in well-located industrial properties provide a potential for long-term capital appreciation. Although we seek to lease our properties to tenants who have investment-grade credit ratings, a concentration of our properties are leased to FDX and to FedEx Ground Package Systems, Inc., a wholly-owned subsidiary of FDX. FedEx Ground s credit is not rated, but management believes that FedEx Ground s credit quality is at least equal to that of FDX.

Competition

We compete with other investors in real estate for attractive investment opportunities. These investors include other equity REITs, limited partnerships, syndications and private investors, among others. Competition in the market areas in which we operate is significant and affects our ability to acquire or expand properties, occupancy levels, rental rates and operating expenses of certain properties. Management has built relationships with merchant builders that have historically provided us with investment opportunities that fit our investment policy.

Corporate Information

We allocate certain general and administrative expenses between us and UMH Properties, Inc., or UMH, a REIT which focuses its investments on manufactured home communities, based on use or services provided. We currently have 15 employees, some of whom also render services to UMH. Allocations of salaries and benefits of shared employees and certain overhead are made annually between us and UMH based on the amount of the employees time dedicated to each company, and other expenses are allocated based upon usage by each company. We share with UMH the following types of expenses:

- salaries, benefits and related employment expenses;
- rent and utilities;
- office supplies and equipment; and
- other miscellaneous expenses, such as service contracts for office equipment.

At the beginning of each calendar year, members of senior management of our company and UMH determine the relative amount of each expense item that will be allocated to each company. The amount of Eugene W. Landy s salary, bonus, benefit and other employment expenses allocated to us is approved each year by our compensation committee. Salary, benefit and other employment expenses are allocated to each company based on the amount of time each other employee is estimated to work for the company, on the basis of historical practices and projected need. Other expenses are allocated based upon the usage by each company. The allocation is then reviewed by each company s audit committee. If senior management feels it to be appropriate, based on actual events, the allocations are adjusted during the year. Reimbursement of these shared expenses is made on a monthly basis. There is no written agreement between us and UMH relating to this arrangement

Our principal executive offices are located at Juniper Business Plaza, Suite 3-C, 3499 Route 9 North, Freehold, New Jersey 07728, and our telephone number is (732) 577-9996. Our website can be accessed at *www.mreic.com*. Information contained on our website is not a part of this prospectus.

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Our Portfolio

As of March 31, 2012, our property portfolio consisted of 70 rental properties, which included 69 industrial properties and one shopping center, located in 25 states, and totaled approximately 8.3 million square feet. All of these properties are wholly-owned with the exception of two properties in New Jersey, in which we own a majority interest. All of our properties are leased on a net basis, except an industrial park in Monaca, Pennsylvania, and a shopping center located in Somerset, New Jersey. A concentration of our properties are leased to Federal Express Corporation, or FDX, or one of its subsidiaries, and as of March 31, 2012, approximately 3.5 million square feet, or approximately 42% of our property, was leased to FDX or one of its subsidiaries.

The following table highlights certain information regarding our real estate portfolio:

Portfolio Information:	Six Months Ended March 31, 2012	Year Ended September 30, 2011	2010
Number of Rental Properties	70	66	63
Total Square Footage	8,267,000	7,532,000	6,971,000
Occupancy Rate (at period end)	95%	97%	96%
Average Effective Annual Rent Per Occupied Square Foot	$5.58	$5.59	$5.81
Weighted Average Lease Expiration (years)	5.2	5.1	4.9

The following table summarizes certain information concerning our real estate investments by location as of March 31, 2012:

State	Number of Properties	Square Footage	Mortgage Balance on Property in State
Tennessee	3	898,915	$ 20,694,788
Florida	9	783,668	36,973,085
Illinois	7	720,416	18,718,455
Missouri	4	654,073	6,699,633
South Carolina	3	510,560	13,159,910
North Carolina	4	455,067	5,198,204
Texas	5	527,301	27,854,449
Pennsylvania	1	291,474	
Georgia	3	307,660	11,049,173
Virginia	4	305,770	6,233,559
Arizona	1	288,211	5,611,604
Ohio	5	687,093	26,465,855
Michigan	2	265,371	13,533,647
Kansas	2	219,280	4,639,756
New York	3	230,381	5,703,176
Maryland	1	149,384	7,915,540

Wisconsin	1	139,564	1,703,180
Colorado	2	138,235	4,696,349
New Jersey	2	102,173	2,502,844
Nebraska	1	88,140	732,191
Mississippi	3	297,000	11,000,000
Minnesota	1	59,425	
Alabama	1	56,698	1,583,587
Connecticut	1	54,812	970,871
Iowa	1	36,150	
Total	**70**	**8,266,821**	**$ 233,639,856**

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In fiscal 2012, 12 leases totaling 1,301,769 square feet, or approximately 16% of our total square footage, were originally scheduled to expire. As of March 31, 2012, we have extended the following 8 leases which had been scheduled to expire during fiscal 2012:

Property	Tenant	Square Footage	Former Average Rent Per Square Foot	Previous Lease Expiration	Renewal Average Rent Per Square Foot	New Lease Expiration	Renewal Term (years)
Ft Myers, FL	FedEx	87,500	$ 4.45	10/31/11	$ 4.61	10/31/14	3.0
Monroe, NC	HD Supply	160,000	3.71	10/31/11	3.65	10/31/16	5.0
Elgin, IL	Ryerson	89,052	6.90	1/31/12	5.68	1/31/17	5.0
Orangeburg, NY*	Keebler	50,400	7.00	2/28/12	7.00	2/28/14	2.0
Newington, CT*	Kellogg	54,812	6.54	2/29/12	6.54	2/28/14	2.0
Tolleson, AZ	Western Container	288,211	4.33	4/30/12	4.26	4/30/17	5.0
Edwardsville, KS	Carlisle Transportation Products	179,280	3.77	5/31/12	3.84	5/31/13	1.0
Kansas City, MO	Keebler	65,067	5.66	7/31/12	5.38	7/31/15	3.0
Total Weighted Average			**$ 4.72**		**$ 4.59**		**3.6**

* The leases of these properties, originally scheduled to expire during fiscal 2012, have been extended twice, for two consecutive one-year extension terms.

Two leases totaling 174,892 square feet (or approximately 13% of the 2012 renewals) were not renewed. The two properties are a 68,385 square foot building in Tampa, Florida leased to Kellogg and a 106,507 square foot building in Winston Salem, North Carolina leased to FDX. Both of these leases expired December 31, 2011.

The following table summarizes our contractual lease expirations for the next ten years:

Fiscal Year	Property Count*	Square Footage	% of Total Square Footage	Annual Rent (as of March 31, 2012)	% of Total Annual Rent	Rent Per Square Foot Occupancy	Lease Exp. Term (years)	Undepreciated Cost (as of March 31, 2012)	Mortgage Balance (as of March 31, 2012)
2012									