

MONMOUTH REAL ESTATE INVESTMENT CORP  
Form 424B5  
September 06, 2016

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Registration No. 333-206187**

The information in this preliminary prospectus supplement is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell these securities and are not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

***Subject to Completion, dated September 6, 2016***

**Preliminary Prospectus Supplement  
(To Prospectus dated August 20, 2015)**

**Shares**

**% Series C Cumulative Redeemable Preferred Stock  
(Liquidation Preference \$25.00 Per Share)**

**Monmouth Real Estate Investment Corporation**

We are offering \_\_\_\_\_ shares of our \_\_\_\_\_ Series C Cumulative Redeemable Preferred Stock, \$0.01 par value per share, which we refer to in this prospectus supplement as the Series C Preferred Stock. We have granted the underwriters an option to purchase up to \_\_\_\_\_ additional shares of Series C Preferred Stock to cover overallotments, if any.

We intend to pay annual, cumulative, cash dividends on the Series C Preferred Stock from (and including) \_\_\_\_\_, 2016, in the amount of \$ \_\_\_\_\_ per share, 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 December 15, 2016, to the holders of record on the applicable record date. The Series C 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 supplement, the Series C Preferred Stock is not redeemable before \_\_\_\_\_, 2021. On and after \_\_\_\_\_, 2021, we may at our option redeem any or all of the outstanding shares of Series C 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 supplement) or during any period of time (whether before or after September \_\_\_\_\_, 2021) that both (i) the Series C Preferred Stock is not listed on the New York Stock Exchange, or the NYSE, the NYSE Amex or the Nasdaq Stock Market, 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, and any Series C Preferred Stock is outstanding, which we refer to in this prospectus supplement as a Delisting Event, we may, subject to certain conditions and at our option, redeem the Series C 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 C 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 C Preferred Stock will have the right (subject to our election to redeem the Series C Preferred Stock in whole or in part, as described above, before the applicable conversion date) to convert all or part of the shares of Series C 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 C 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 C Preferred Stock and before 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 supplement); and , or the Share Cap, subject to certain adjustments;

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

Holders of the Series C 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 C Preferred Stock will rank on a parity with our 7.625% Series A Cumulative Redeemable Preferred Stock, par value \$0.01 per share, and our 7.875% Series B Cumulative Redeemable Preferred Stock, par value \$0.01 per share, and senior to our common stock with respect to dividend rights and rights upon our liquidation, dissolution or winding up.

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

We are organized and conduct our operations to qualify as a REIT. Our stock is subject to certain restrictions on ownership and transfer intended, among other purposes, to assist us in qualifying as a REIT. See Description of Common and Preferred Stock Restrictions on Ownership and Transfer in the accompanying prospectus for a description of these restrictions.

**Investing in our common stock involves risks. See Risk Factors beginning on page S-9 of this prospectus supplement and page 6 of the accompanying prospectus, and the risks set forth under the caption Item 1A. Risk Factors included in our most recent Annual Report on Form 10-K, which is incorporated by reference herein, for certain risks relevant to an investment in our common stock.**

	Per Share	Total
Public offering price <sup>(1)</sup>	\$	\$
Underwriting discount <sup>(2)</sup>	\$	\$
Proceeds, before expenses <sup>(3)</sup>	\$	\$

(1) Plus accrued dividends, if any, from the original date of issue.

(2) We refer you to Underwriting beginning on page S-35 of this prospectus supplement for additional information regarding underwriting compensation.

(3) Assumes no exercise of underwriters overallotment option described below.

We have granted the underwriters an option to purchase up to an additional      shares of the Series C Preferred Stock at the public offering price less the underwriting discount, within 30 days from the date of this prospectus supplement solely to cover overallocments, if any.

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

The underwriters expect to deliver the shares of the Series C Preferred Stock against payment to purchasers on or about      , 2016.

*Joint Book-Running Managers*

**RBC Capital Markets**

**BMO Capital Markets**

**JP Morgan**

*Co-Managers*

**Wunderlich**

**Janney Montgomery Scott**

**D.A. Davidson & Co.**

The date of this prospectus supplement is September      , 2016.

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**You should rely only on the information contained in or incorporated by reference into this prospectus supplement, the accompanying prospectus or any applicable free writing prospectus in making a decision about whether to invest in the Series C Preferred Stock. We have not, and the underwriters have not, authorized any other person to provide you with different or additional information. If anyone provides you with different or additional information, you should not rely on it.**

**This prospectus supplement and the accompanying prospectus do not constitute an offer to sell, or a solicitation of an offer to purchase, any securities in any jurisdiction where it is unlawful to make such offer or solicitation.**

**You should assume that the information appearing in this prospectus supplement, the accompanying prospectus, any applicable free writing prospectus and the documents incorporated by reference herein or therein is accurate only as of their respective dates or on the date or dates which are specified in these documents. Our business, financial condition, liquidity, results of operations and prospects may have changed since those dates.**

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## **ABOUT THIS PROSPECTUS SUPPLEMENT AND THE PROSPECTUS**

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of this offering and adds to, changes and updates information contained in the accompanying prospectus and the documents incorporated by reference herein or therein. The second part, the accompanying prospectus, gives more general information, some of which may not apply to this offering. When we refer to the prospectus, we are referring to both parts combined.

To the extent the information contained in this prospectus supplement differs or varies from the information contained in the accompanying prospectus or documents incorporated by reference herein or therein, the information in this prospectus supplement will supersede such information. In addition, any statement in a filing we make with the Securities and Exchange Commission, or the SEC, that adds to, updates or changes information contained in an earlier filing we made with the SEC shall be deemed to modify and supersede such information in the earlier filing.

*This prospectus supplement does not contain all of the information that is important to you. You should read the accompanying prospectus as well as the documents incorporated by reference in this prospectus supplement and the accompanying prospectus. See *Incorporation of Certain Documents by Reference* and *Where You Can Find More Information* in this prospectus supplement and the accompanying prospectus. Unless otherwise indicated or unless the context otherwise indicates, references in this prospectus supplement to the terms *company*, *we*, *us*, *our*, and *Monmouth* refer to Monmouth Real Estate Investment Corporation, a Maryland corporation, and its consolidated subsidiaries.*

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## **CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS**

This prospectus supplement and the accompanying prospectus, including the documents incorporated by reference herein and therein, each include forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, Section 21E of the Exchange Act and the Private Securities Litigation Reform Act of 1995. Also, documents we subsequently file with the SEC and incorporate by reference will contain forward-looking statements. In particular, statements relating to our liquidity and capital resources, portfolio performance and results of operations contain forward-looking statements. Furthermore, all of the statements regarding future financial performance are forward-looking statements. We are including this cautionary statement to make applicable and take advantage of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 for any such forward-looking statements. We caution investors that any forward-looking statements presented in this prospectus supplement and the accompanying prospectus, including the documents incorporated by reference herein and therein, are based on management's belief and assumptions made by, and information currently available to, management. When used, the words anticipate, believe, expect, intend, may, might, plan, estimate, will, result, seek, and similar expressions, or the negative use of these words, are intended to identify forward-looking statements, but the absence of these words does not necessarily mean that statement is not a forward-looking statement. 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.

These 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 supplement under the headings Risk Factors, as well as Risk Factors and 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, 2015, and our Quarterly Reports on Form 10-Q for the quarterly periods ended December 31, 2015, March 31, 2016, and June 30, 2016, which are incorporated by reference herein. 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 the markets in which our properties are located 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 acquire, finance and sell properties at an attractive price;

our ability to repay debt financing obligations;

our ability to refinance amounts outstanding under our mortgages and credit facilities at maturity on terms favorable to us, or at all;

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;

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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 investments in marketable securities of other REITs;  
changes in interest rates under our current credit facility and under any additional variable rate debt arrangements that we may enter into in the future;  
our ability to successfully implement 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;  
declines in the market prices of our investment securities; and  
our ability to maintain our qualification as a REIT.

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.

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## PROSPECTUS SUPPLEMENT SUMMARY

*This summary highlights information contained elsewhere or incorporated by reference in this prospectus supplement and the accompanying prospectus. This summary is not complete and does not contain all of the information that you should consider before investing in the Series C Preferred Stock. We urge you to read this entire prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein and therein carefully, including the financial statements and notes to those financial statements incorporated by reference herein and therein. Please read Risk Factors in this prospectus supplement for more information about important risks that you should consider before investing in the Series C Preferred Stock.*

### Monmouth Real Estate Investment Corporation

We are a Maryland corporation that has elected to qualify as a REIT under Sections 856 through 860 of the Internal Revenue Code, as amended, or the Code. Our predecessor completed its initial public offering in December 1968.

We seek to invest in well-located, modern, single-tenant, industrial buildings, leased primarily to investment grade tenants or their subsidiaries on long-term net leases. As of June 30, 2016, we owned 97 properties in 30 states with total square footage of approximately 15,124,000. A concentration of our properties are leased to FedEx Corporation (FDX) and FDX subsidiaries. These properties consist of fifty-one separate stand-alone leases covering approximately 6,944,000 square feet as of June 30, 2016. The percentage of FDX leased square footage to our total rental space was 46% (6% to FDX and 40% to FDX subsidiaries) as of June 30, 2016. Annualized Rental and Reimbursement Revenue from FDX and its subsidiaries is estimated to be approximately 56% (7% to FDX and 49% to FDX subsidiaries) of our total Rental and Reimbursement Revenue for our fiscal year ending September 30, 2016. No other tenant accounted for 5% or more of our total rental space or accounted for 5% or more of our total Rental and Reimbursement revenue. In addition to real estate property holdings, we held \$82,638,519 in marketable REIT securities at June 30, 2016, representing 6.7% of our undepreciated assets (which is our total assets excluding accumulated depreciation). These liquid real estate holdings are not included in calculating the tenant concentration ratios above and therefore further enhance the Company's diversification. We believe our securities portfolio provides us with additional liquidity, diversification, and additional income and serves as a proxy for real estate when more favorable risk adjusted returns are not available.

### Recent Developments

On August 19, 2016, we purchased a newly constructed 310,922 square foot industrial building located in Davenport, FL, which is in the Orlando metropolitan statistical area. The building is 100% net-leased to FedEx Ground Package System, Inc. for fifteen years through April 2031. The purchase price was \$37,780,000. We obtained a 15 year fully-amortizing mortgage loan of \$26,400,000 at a fixed interest rate of 3.89%. Annual rental revenue over the remaining term of the lease averages approximately \$2,604,000.

On August 26, 2016, we purchased a newly constructed 313,763 square foot industrial building located in Olathe, KS, which is in the Kansas City metropolitan statistical area. The building is 100% net-leased to FedEx Ground Package System, Inc. for fifteen years through May 2031. The purchase price was \$31,737,000. We obtained a 15 year fully-amortizing mortgage loan of \$22,215,000 at a fixed interest rate of 3.96%. Annual rental revenue over the remaining term of the lease averages approximately \$2,198,000.

As of the date of this prospectus supplement, the Company has entered into six agreements to purchase, and one letter of intent to purchase, a total of seven new build-to-suit, industrial buildings that are currently being developed in Florida, Michigan, New York, North Carolina and South Carolina, totaling approximately 2.1 million square feet, with single tenant, net-leased terms ranging from ten to fifteen years resulting in a weighted average lease maturity of 13.7 years. The aggregate purchase price for the seven properties is approximately \$223.3 million. Six of the seven properties are being leased to investment grade tenants or their subsidiaries. Subject to satisfactory due diligence and customary closing conditions and requirements, and with respect to the property subject to a letter of intent, the negotiation and execution of a definitive purchase and sale agreement, we anticipate closing these seven transactions during the remainder of fiscal 2016, fiscal 2017 and the first quarter of fiscal 2018.

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## **Corporate Information**

Our principal executive offices are located at Juniper Business Plaza, Suite 3-D, 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](http://www.mreic.com). The information on, or otherwise accessible through, our website does not constitute a part of this prospectus supplement or the accompanying prospectus.

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## The Offering

### Issuer

Monmouth Real Estate Investment Corporation, a Maryland corporation.

### Securities Offered

shares (plus up to an additional shares if the underwriters overallotment option is exercised in full) of our % Series C Cumulative Redeemable Preferred Stock, par value \$0.01 per share.

### Dividend Rate and Payment Dates

A holder of the Series C Preferred Stock will be entitled to receive cumulative cash dividends at the fixed rate of \$ per share, which is equivalent to % of the \$25.00 liquidation preference per share, per year.

Dividends will be payable quarterly in arrears on the 15<sup>th</sup> day of March, June, September and December of each year, to holders of record on the applicable record date, (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 any share of Series C Preferred Stock is first issued, which is expected to be September , 2016. The first dividend will be payable on December 15, 2016, in the amount of \$ per share to the persons who are the holders of record of the Series C Preferred Stock at the close of business on the corresponding recording date, which we expect will be November 15, 2016. Dividends on the Series C 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 C Preferred Stock Dividends in this prospectus supplement.

### Liquidation Preference

If we liquidate, dissolve or wind up and, after the payment of or provision for our debts and other liabilities and subject to the preferential rights of the holders of any class or series of stock that we may issue ranking senior to the Series C Preferred Stock, holders of the Series C 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 C Preferred Stock Liquidation Preference in this prospectus supplement.

### Optional Redemption

The Series C Preferred Stock is not redeemable by us before September , 2021, 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 and as set forth under the heading Special Optional Redemption in this prospectus supplement. On and after , 2021, we may, at our option, redeem the Series C 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

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declared) to, but not including, the redemption date (unless the redemption date is after a record date set for the payment of a dividend on the Series C Preferred Stock and on or prior to the corresponding dividend payment date in which case the amount of such accrued and unpaid dividend will not be included in the redemption price).

**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 C Preferred Stock, in whole or in part, within 90 days after the Delisting Event, for a cash redemption price per share of Series C Preferred Stock equal to \$25.00 plus any accumulated and unpaid dividends thereon (whether or not declared), to, but not including, the redemption date (unless the redemption date is after a record date set for the payment of a dividend on the Series C Preferred Stock and on or prior to the corresponding dividend payment date, in which case the amount of such accrued and unpaid dividend will not be included in the redemption price).

Upon the occurrence of a Change of Control (as defined below), we may, at our option and subject to certain conditions, redeem the Series C 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 C Preferred Stock equal to \$25.00 plus any accumulated and unpaid dividends thereon (whether or not declared) to, but not including, the redemption date (unless the redemption date is after a record date set for the payment of a dividend on the Series C Preferred Stock and on or prior to the corresponding dividend payment date, in which case the amount of such accrued and unpaid dividend will not be included in the redemption price).

A **Delisting Event** occurs when, after the original issuance of the Series C Preferred Stock, both (i) the Series C Preferred Stock is not listed on the NYSE, the NYSE Amex or the Nasdaq Stock Market, 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, and any Series C Preferred Stock is outstanding.

A **Change of Control** occurs when, after the original issuance of the Series C 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

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to acquire, whether such right is currently exercisable or is exercisable only upon the occurrence of a subsequent condition); and

after the closing of any transaction referred to in the bullet point above, neither we nor the acquiring or surviving entity (or, if in connection with such transaction holders of common stock receive consideration consisting of common equity securities of another entity, such other entity) has a class of common securities (or American Depositary Receipts representing such securities) listed or quoted 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 C Preferred Stock designated for redemption by us will not be eligible to be converted upon the occurrence of a Delisting Event or Change of Control as described above.

Conversion Rights

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

in each case, on the terms and subject to the conditions described in this prospectus supplement, including provisions for the receipt, under specified circumstances, of alternative consideration as described in this prospectus supplement. See Description of the Series C Preferred Stock Conversion Rights in this prospectus supplement. 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

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