

MONMOUTH REAL ESTATE INVESTMENT CORP
Form 424B5
September 30, 2009

SUBJECT TO COMPLETION, DATED SEPTEMBER 30, 2009

This prospectus supplement relates to an effective registration statement under the Securities Act of 1933, but is not complete and may be changed. This prospectus supplement is not an offer to sell these securities, and it is not soliciting an offer to buy these securities, in any state where the offer or sale is not permitted.

Filed Pursuant to Rule 424(b)(5)
Registration No. 333-161668

PRELIMINARY PROSPECTUS SUPPLEMENT

(To Prospectus dated September 14, 2009)

1,500,000 Shares

Monmouth Real Estate Investment Corporation

Common Stock

\$ Per Share

We are offering 1,500,000 shares of our common stock, par value \$0.01 per share (the "Common Stock").

We have applied to list the shares on the NASDAQ Global Select Market under the symbol "MNRTA." On September 29, 2009, the last reported sale price for our common stock was \$7.12 per share.

We have retained CSCA Capital Advisors, LLC ("CSCA") to act as placement agent in connection with this offering. CSCA has no commitment to purchase our Common Stock and will act only as an agent in obtaining indications of interest in the Common Stock from certain investors. We have agreed to pay CSCA, a placement agent fee of % of gross proceeds and to pay certain of its expenses. After paying the placement agent fee and other estimated expenses payable by us, we anticipate receiving approximately \$ in net proceeds from this offering.

Investing in our Common Stock involves risks, including those that are described in the "Risk Factors" sections beginning on page 2 of the accompanying prospectus and page 5 of our Annual Report on Form 10-K for the fiscal year ended September 30, 2008, which is incorporated herein by reference.

	Per Share	Total
Public Offering Price	\$	\$
Placement Agent Fees and Commissions	\$	\$
Proceeds to us (before expenses)	\$	\$

Neither the Securities and Exchange Commission (the "SEC") nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

CSCA Capital Advisors, LLC

The date of this prospectus supplement is October , 2009

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ABOUT THIS PROSPECTUS SUPPLEMENT

You should rely only on the information contained in or incorporated by reference into this prospectus supplement, the accompanying prospectus and any “free writing prospectus” we may authorize to be delivered to you. We have not authorized anyone to provide you with different or additional information. We are offering to sell, and seeking offers to buy, the securities only in jurisdictions where offers and sales are permitted. You should not assume that the information appearing in this prospectus supplement, the accompanying prospectus, any “free writing prospectus” or the documents incorporated by reference is accurate as of any date other than their respective dates. Our business, financial condition, results of operations and prospects may have changed since those dates.

This document is in two parts. The first part is this prospectus supplement, which adds to and updates information contained in the accompanying prospectus and the documents incorporated by reference into the accompanying prospectus. The second part is the accompanying prospectus, which gives more general information, some of which may not apply to this offering.

In this prospectus supplement, the words “we,” “our,” “ours” and “us” refer to Monmouth Real Estate Investment Corporation and its subsidiaries unless the context indicates otherwise.

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FORWARD-LOOKING STATEMENTS

Statements contained in this prospectus supplement and the accompanying prospectus, including the documents that are incorporated by reference, that are not historical facts are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Also, when we use any of the words “anticipate,” “assume,” “believe,” “estimate,” “expect,” “intend,” or similar expressions, we are making forward-looking statements. These forward-looking statements are not guarantees and are based on our current intentions and on our current expectations and assumptions. These statements, intentions, expectations and assumptions involve risks and uncertainties, some of which are beyond our control that could cause actual results or events to differ materially from those we anticipate or project, such as:

- the ability of our tenants to make payments under their respective leases;
- our reliance on certain major tenants and our ability to re-lease properties that are currently vacant or that become vacant;
 - our ability to obtain suitable tenants for our properties;
- changes in real estate market conditions and general economic conditions;
- the inherent risks associated with owning real estate, including local real estate market conditions, governing laws and regulations and illiquidity of real estate investments;
 - our ability to sell properties at an attractive price;
 - our ability to repay debt financing obligations;
- our ability to refinance amounts outstanding under our credit facilities at maturity on terms favorable to us;
 - the loss of any member of our management team;
 - our ability to comply with certain debt covenants;
- our ability to integrate acquired properties and operations into existing operations;
 - continued availability of debt or equity capital;
 - market conditions affecting our equity capital;
- changes in interest rates under our current credit facilities and under any additional variable rate debt arrangements that we may enter into in the future;
 - our ability to implement successfully our selective acquisition strategy;
- our ability to maintain internal controls and procedures to ensure all transactions are accounted for properly, all relevant disclosures and filings are timely made in accordance with all rules and regulations and any potential fraud or embezzlement is thwarted or detected;

- changes in federal or state tax rules or regulations that could have adverse tax consequences; and
- our ability to qualify as a real estate investment trust for federal income tax purposes.

You should not place undue reliance on these forward-looking statements, as events described or implied in such statements may not occur. We undertake no obligation to update or revise any forward-looking statements as a result of new information, future events or otherwise.

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SUMMARY

The following summary is qualified in its entirety by the more detailed information and consolidated financial statements and notes thereto appearing elsewhere in, or incorporated by reference into, this prospectus supplement and the accompanying prospectus.

The Company

General

Monmouth Real Estate Investment Corporation is a Maryland corporation operating as a qualified real estate investment trust (“REIT”) under Sections 856 through 859 of the Internal Revenue Code of 1986, as amended (the “Code”). Currently, we seek to invest in well-located, modern buildings leased to investment grade tenants on long-term leases and derive our income primarily from the rental of these facilities. At June 30, 2009, we owned approximately 6,070,000 square feet of property, of which approximately 2,810,000 square feet, or 46%, was leased to Federal Express Corporation and its subsidiaries and approximately 279,000 square feet, or 5%, was leased to Keebler Company, a subsidiary of the Kellogg Company. During fiscal 2008, 2007 and 2006 rental and reimbursement revenue from properties leased to these two companies approximated 61%, 55% and 55%, respectively, of our total rental and reimbursement revenue.

At June 30, 2009, we had investments in fifty-seven industrial properties and one shopping center. These properties are located in Alabama, Arizona, Colorado, Connecticut, Florida, Georgia, Illinois, Iowa, Kansas, Maryland, Michigan, Minnesota, Mississippi, Missouri, Nebraska, New Jersey, New York, North Carolina, Ohio, Pennsylvania, South Carolina, Tennessee, Texas, Virginia, and Wisconsin. All properties are managed by a management company affiliated with one of our directors. All properties are leased on a net basis except the property located in Monaca, Pennsylvania and the shopping center in Somerset, New Jersey.

We anticipate acquiring additional properties in the fourth quarter of 2009. The funds for these acquisitions are expected to come from our available line of credit, mortgages, other bank borrowings, proceeds from the Dividend Reinvestment and Stock Purchase Plan (“DRIP”) and private or public placements of additional common or preferred stock. To the extent that funds or appropriate properties are not available, few or no acquisitions may be made. Because of the contingent nature of contracts to purchase real property, we will announce acquisitions only upon closing.

We compete with other investors in real estate for attractive investment opportunities. These investors include other “equity” real estate investment trusts, 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.

We have a flexible investment policy concentrating our investments in the area of long-term net-leased industrial properties to investment grade tenants. Our strategy is to obtain a favorable yield spread between the yield from the net-leased industrial properties and interest costs. We anticipate that we will continue to purchase net-leased, well-located industrial properties because our management believes that these investments offer a potential for long-term capital appreciation. There is the risk that, on expiration of current leases, the properties can become vacant or re-leased at lower rents. The results we obtain by re-leasing the properties will depend on the market for industrial properties at that time.

We also continue to invest in both debt and equity securities of other REITs. We, from time to time, may purchase these securities on margin when the interest and dividend yields exceed the cost of the funds. This securities portfolio, to the extent not pledged to secure borrowing, provides us with liquidity and additional income. Such securities are subject to risk arising from adverse changes in market rates and prices, primarily interest rate risk relating to debt securities and equity price risk relating to equity securities. From time to time, we may use derivative instruments to mitigate interest rate risk.

Prior to July 31, 2007, we operated as part of a group of three public companies (all REITs) which included UMH Properties, Inc. (“UMH”) and Monmouth Capital Corporation (“Monmouth Capital” and together with UMH, the “affiliated companies”). Monmouth Capital was merged into us on July 31, 2007. We continue to operate in conjunction with UMH. UMH has focused its investing in manufactured home communities. General and administrative expenses are allocated between the two remaining affiliated companies based on use or services provided. We currently have nine employees. Allocations of salaries and benefits are made between the affiliated companies based on the amount of the employees’ time dedicated to each affiliated company.

Our 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 is located at www.mreic.com. Information contained on our website is not a part of this prospectus supplement.

The Offering

The following is a brief summary of some of the terms of this offering. For a more complete description of the terms of our Common Stock see “Description of Capital Stock” in the accompanying prospectus.

Issuer	Monmouth Real Estate Investment Corporation, a Maryland corporation.
Securities Offered	1,500,000 shares of Common Stock, par value \$0.01 per share.
Price per Share	\$
Common Stock outstanding after this offering	27,283,779 shares
NASDAQ Global Select Market symbol	MNRTA
Restriction on Ownership and Transfer	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 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, us being “closely held” within the meaning of Section 856 of the Code or us otherwise failing to qualify as a REIT under the Code. See “Description of Capital Stock—Restrictions on Ownership and Transfer” in the accompanying prospectus.
Use of Proceeds	We intend to use the proceeds of this offering to purchase additional properties in the ordinary course of our business and for general corporate purposes. See “Use of Proceeds” beginning on page S-5 of this prospectus supplement.
Risk Factors	You should read carefully the “Risk Factors” beginning on page 2 of the accompanying prospectus and page 5 of our Annual Report on Form 10-K for the fiscal year ended September 30, 2008, for certain considerations relevant to investing in the Common Stock.

USE OF PROCEEDS

We estimate the net proceeds from the sale of all the Common Stock offered hereby will be approximately \$ million, assuming a public offering price of \$ per share and after deducting the placement agent fee and other estimated expenses of approximately \$. We intend to use the net proceeds to purchase additional 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 short-term securities, including securities that may not be investment grade.

PLAN OF DISTRIBUTION

We are offering the shares of our Common Stock through a placement agent. Subject to the terms and conditions contained in the placement agent agreement, dated , 2009, CSCA Capital Advisors, LLC ("CSCA") has agreed to act as the placement agent for this offering. CSCA may be an underwriter within the meaning of the Securities Act in connection with its placement agent activities in this offering.

CSCA has no commitment to purchase any shares of our Common Stock and will act only as an agent in obtaining indications of interest in our Common Stock from certain investors. We agreed to pay the placement agent a fee of % of the gross proceeds and to pay certain of its expenses.

We have agreed to indemnify the placement agent and each of its partners, directors, officers, associates, affiliates, subsidiaries, employees, consultants, attorneys, agents, and each person, if any, controlling the placement agent and any of its affiliates, against liabilities resulting from this offering and to contribute to payments the placement agent may be required to make for these liabilities.

In connection with this offering, CSCA may engage broker dealers as sub-placement agents to participate in the placement of the Common Stock. Such sub-placement agents may receive a portion of the placement agent fee paid to CSCA as well as other compensation and fees.

In the ordinary course of business, CSCA and/or its affiliates have engaged, and may in the future engage, in financial advisory, investment banking and other transactions with us for which customary compensation has been, and will be, paid.

Subject to the terms and conditions of purchase agreements dated October , 2009, certain institutional investors have agreed to purchase, and we have agreed to sell 1,500,000 shares of Common Stock at a negotiated purchase price of \$ per share. The purchase agreements provide that the obligations of the purchasers to purchase the shares included in this offering are subject to customary closing conditions. In negotiating the offering price per share of our Common Stock, we considered the dilution to our stockholders that will result from this offering.

Weeden & Co. LP is acting as settlement agent in connection with the sale of our Common Stock under the purchase agreement and will receive a fee of \$.

LEGAL MATTERS

Certain legal matters will be passed upon for us by Husch Blackwell Sanders LLP, as our securities and tax counsel. Certain matters of Maryland law will be passed on for us by Venable LLP.

EXPERTS

The consolidated financial statements and schedules of Monmouth Real Estate Investment Corporation as of and for the year ended September 30, 2008, included in our Annual Report on Form 10-K for the year ended September 30, 2008, have been incorporated by reference herein in reliance upon the report of PKF, Certified Public Accountants, A Professional Corporation, independent registered public accounting firm, incorporated by reference herein, and upon the authority of said firm as experts in accounting and auditing.

The consolidated financial statements and schedules of Monmouth Real Estate Investment Corporation as of September 30, 2007 and for each of the years in the two-year period ended September 30, 2007, included in our Annual Report on Form 10-K for the year ended September 30, 2008, have been incorporated by reference herein in reliance upon the report of Reznick Group, P.C., independent registered public accounting firm, incorporated by reference herein, and upon the authority of said firm as experts in accounting and auditing.

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the SEC a shelf registration statement under the Securities Act with respect to the securities offered hereunder. As permitted by the rules and regulations of the SEC, this prospectus supplement and the accompanying prospectus do not contain all the information set forth in the registration statement. For further information regarding our company and our securities, please refer to the registration statement and the contracts, agreements and other documents filed as exhibits to the registration statement. Additionally, you should refer to our annual, quarterly and special reports, proxy statements and other information we file with the SEC.

You may read and copy all or any portion of the registration statement or any other materials that we file with the SEC at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the public reference rooms. Our SEC filings, including the registration statement, are also available to you on the SEC's website (<http://www.sec.gov>). We also have a website (www.mreic.com) through which you may access our recent SEC filings. Information contained on our website is not a part of this prospectus supplement. In addition, you may look at our SEC filings at the offices of the

NASDAQ Stock Market, Inc., which is located at 1500 Broadway, New York, New York 10036. Our SEC filings are available at the NASDAQ because our common stock and preferred stock are listed and traded on the Nasdaq Global Select Market under the respective symbols “MNRTA” and “MNRTP.”

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The SEC allows us to “incorporate by reference” the information contained in documents that we file with them. That means we can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be part of this prospectus supplement, and information that we later file with the SEC will automatically update and supersede this information.

We incorporate by reference the documents listed below and any future filings we make with the SEC pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act, until we sell all the securities offered by this prospectus supplement.

- Our Annual Report on Form 10-K, as filed with the SEC on December 11, 2008.
 - Our Quarterly Report on Form 10-Q, as filed with the SEC on February 5, 2009.
 - Our Quarterly Report on Form 10-Q, as filed with the SEC on May 7, 2009.
 - Our Quarterly Report on Form 10-Q, as filed with the SEC on August 6, 2009.
- All other reports filed pursuant to Section 13(a) or 15(d) of the Exchange Act since September 30, 2008, except for information furnished under Current Reports on Form 8-K, which is not deemed filed and not incorporated herein by reference.
- The description of our common stock which is contained in a registration statement filed under the Exchange Act, including any amendment or reports filed for the purpose of updating such description.

You may request a free copy of these filings (other than the exhibits thereto, unless they are specifically incorporated by reference in the documents) by writing or telephoning us at the following address and telephone number:

Monmouth Real Estate Investment Corporation
Attention: Stockholder Relations
3499 Route 9 N, Suite 3-C
Juniper Business Plaza
Freehold, NJ 07728
(732) 577-9996

PROSPECTUS

\$115,000,000

MONMOUTH REAL ESTATE INVESTMENT CORPORATION

Common Stock
Preferred Stock
Debt Securities

We may use this prospectus to offer and sell our common stock, preferred stock or debt securities from time to time. The aggregate public offering prices of the common stock, preferred stock and debt securities covered by this prospectus, which we refer to collectively as the securities, will not exceed \$115,000,000. The securities may be offered, separately or together, in separate classes or series, in amounts, at prices and on terms to be determined at the time of the offering and set forth in one or more supplements to this prospectus. Our common stock is listed and traded on the Nasdaq Global Select Market under the symbol "MNRTA." Our 7.625% Series A Cumulative Redeemable Preferred Stock is listed and traded on the Nasdaq Global Select Market under the symbol "MNRTP."

We will provide the specific terms and conditions of these securities in supplements to this prospectus in connection with each offering. Such specific terms may include limitations on direct or beneficial ownership and restrictions on transfer of the securities, in each case as may be appropriate to preserve our status as a real estate investment trust ("REIT") for U.S. federal income tax purposes. See "Description of Capital Stock—Restrictions on Ownership and Transfer." Please read this prospectus and the applicable prospectus supplement carefully before you invest.

We may offer the securities directly, through agents designated by us from time to time, or to or through underwriters or dealers. If any agents, underwriters or dealers are involved in the sale of any of the securities, their names, and any applicable purchase price, fee, commission or discount arrangement between or among them will be set forth or will be calculable from the information set forth in the applicable prospectus supplement. See "Plan of Distribution."

An investment in our securities involves a high degree of risk. See "Risk Factors" beginning on page 2 of this prospectus for a discussion of risk factors that you should consider in connection with an investment in our securities.

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 date of this prospectus is September 14, 2009.

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