MONMOUTH REAL ESTATE INVESTMENT CORP
Form 10-K
November 29, 2017

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 10-K

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended September 30, 2017

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period to

Commission File Number: 001-33177

MONMOUTH REAL ESTATE INVESTMENT CORPORATION

(Exact name of registrant as specified in its charter)

Maryland	**22-1897375**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

3499 Route 9 North, Suite 3-D, Freehold, NJ 07728

(Address of Principal Executive Offices) (Zip Code)

Registrant’s telephone number, including area code: **(732)-577-9996**

Securities registered pursuant to Section 12(b) of the Act:

Common Stock, $0.01 par value per share – New York Stock Exchange

6.125% Series C Cumulative Redeemable Preferred Stock, $0.01 par value per share, $25 liquidation value per share – New York Stock Exchange

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. [X] Yes [No]

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

[ ] Yes [X] No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. [X] Yes [ ] No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

[X] Yes [ ] No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant’s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

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:

Large accelerated filer	[X]	Accelerated filer	[ ]
Non-accelerated filer	[ ]	Smaller reporting company	[ ]
		Emerging growth company	[ ]

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. Yes [ ] No [ ]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). [ ] Yes [X] No

The aggregate market value of the voting and non-voting common equity of the registrant held by non-affiliates of the registrant at March 31, 2017 was approximately $980,786,000 (based on the $14.27 closing price per share of common stock on March 31, 2017).

There were 76,568,948 shares of common stock outstanding as of November 15, 2017.

Documents Incorporated by Reference: None.

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PART I

ITEM 1 – BUSINESS

General Development of the Business

In this 10-K, "we", "us", "our", "MREIC" or "the Company", refers to Monmouth Real Estate Investment Corporation, togethe with its predecessors and subsidiaries, unless the context requires otherwise.

The Company is a corporation operating as a qualified real estate investment trust (REIT) under Sections 856-860 of the Internal Revenue Code of 1986, as amended (the Code). The Company has been a REIT since 1969 and intends to maintain its qualification as a REIT in the future. As a qualified REIT, with limited exceptions, the Company will not be taxed under Federal and certain state income tax laws at the corporate level on taxable income that it distributes to its shareholders. For special tax provisions applicable to REITs, refer to Sections 856-860 of the Code.

The Company was established in 1968 as a New Jersey Business Trust (NJBT). In 1990, the NJBT merged into a newly formed Delaware corporation. On May 15, 2003, the Company changed its state of incorporation from Delaware to Maryland by merging with and into a Maryland corporation (the Reincorporation).

Narrative Description of Business

The Company's primary business is the ownership of real estate. Its investment focus is to own well-located, modern, single tenant, industrial buildings, leased primarily to investment-grade tenants or their subsidiaries on long-term net leases. In addition, the Company owns a portfolio of REIT investment securities which the Company generally limits to no more than approximately 10% of its undepreciated assets (which is the Company's total assets excluding accumulated depreciation).

At September 30, 2017, the Company held investments in 108 properties totaling approximately 18,790,000 square feet with an occupancy rate of 99.3% (See Item 2 for a detailed description of the properties). These properties are located in 30 states: Alabama, Arizona, Colorado, Connecticut, Florida, Georgia, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maryland, Michigan, Minnesota, Mississippi, Missouri, Nebraska, New Jersey, New York, North Carolina, Ohio, Oklahoma, Pennsylvania, South Carolina, Tennessee, Texas, Virginia, Washington and

Wisconsin. All of these properties are wholly-owned with the exception of the two properties in New Jersey in which the Company owns a majority interest. All properties in which the Company has investments are leased on a net basis except an industrial park in Monaca (Pittsburgh), Pennsylvania and the shopping center located in Somerset, New Jersey.

During fiscal 2017, the Company purchased 10 industrial properties totaling approximately 2,784,000 square feet with net-leased terms ranging from seven to fifteen years resulting in a weighted average lease maturity of 13.4 years. Approximately 1,840,000 square feet, or 66%, is leased to FedEx Ground Package System, Inc., a subsidiary of FedEx Corporation (FDX). The aggregate purchase price for the 10 properties was approximately $286,521,000 and they are located in Florida, Michigan, North Carolina, New York, Ohio, Oklahoma, South Carolina and Texas. These 10 properties generate annualized rental income over the life of their leases of approximately $18,953,000. In connection with the 10 properties acquired during the 2017 fiscal year, the Company entered into nine, fifteen-year, fully-amortizing mortgage loans and one twelve-year, fully-amortizing loan. The 10 mortgage loans originally totaled $188,809,000 with an original weighted average loan maturity of 14.9 years and a weighted average interest rate of 3.90%.

Subsequent to fiscal yearend, on October 2, 2017, the Company’s Board of Directors approved a 6.25% increase in the Company’s quarterly common stock dividend, raising it to $0.17 per share from $0.16 per share. This represents an annualized dividend rate of $0.68 per share. The Company has maintained or increased its cash dividend for 26 consecutive years.

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Subsequent to fiscal yearend, on November 2, 2017, the Company purchased a newly constructed 121,683 square foot industrial building, situated on 16.2 acres, located in Charleston, SC. The building is 100% net-leased to FDX for 15 years through August 2032. The purchase price was $21,872,170. The Company obtained a 15 year fully-amortizing mortgage loan of $14,200,000 at a fixed interest rate of 4.23%. Annual rental revenue over the remaining term of the lease averages approximately $1,312,000.

Subsequent to fiscal yearend, on November 1, 2017, the Company leased its previously vacant 36,270 square foot facility located in Urbandale (Des Moines), IA for 10.2 years.

The industrial properties purchased, leased and expanded during fiscal 2018 to date increased our current total leasable square feet to approximately 18,912,000 and increased our occupancy rate to 99.5%.

In addition to the property purchased subsequent to the fiscal yearend, as described above, the Company has entered into agreements to purchase three new build-to-suit, industrial buildings that are currently being developed in Florida, Georgia and Oklahoma, consisting of approximately 1,531,000 square feet, with net-leased terms of 10 years each. The purchase price for these properties is approximately $117,437,000. Approximately 1,132,000 square feet, or 74%, is leased to an investment grade tenant or its subsidiary. Subject to satisfactory due diligence and other customary closing conditions and requirements, we anticipate closing these transactions during fiscal 2018. In connection with the three properties, the Company has entered into commitments to obtain three mortgages totaling $72,400,000 at fixed rates ranging from 3.53% to 4.25%, with a weighted average interest rate of 3.75% and with a weighted average maturity of 13.2 years. The Company may make additional acquisitions in fiscal 2018 and fiscal 2019, and the funds for these acquisitions may come from funds generated from operations, mortgages, draws on our unsecured line of credit facility, cash on hand, sale of marketable securities, other bank borrowings, proceeds from the Dividend Reinvestment and Stock Purchase Plan (DRIP), proceeds from the At-The-Market Preferred Equity Program (Preferred Stock ATM Program), and proceeds from private placements and public offerings of additional common or preferred stock or other securities. To the extent that funds or appropriate properties are not available, fewer acquisitions will be made.

Currently, the Company derives its income primarily from real estate rental operations. Rental and Reimbursement Revenue (excluding Lease Termination Income in fiscal 2017, 2016 and 2015 of $-0-, $-0- and $238,625, respectively) was $113,545,982, $94,916,110 and $77,775,497 for the years ended September 30, 2017, 2016 and 2015, respectively. Total undepreciated assets (which is the Company's total assets excluding accumulated depreciation) were $1,615,768,028 and $1,367,982,470 as of September 30, 2017 and 2016, respectively.

As of September 30, 2017, the Company had approximately 18,790,000 square feet of property, of which approximately 9,391,000 square feet, or 50%, consisting of 58 separate stand-alone leases, were leased to FDX and its subsidiaries (7% to FDX and 43% to FDX subsidiaries). These properties are located in 24 different states. As of September 30, 2017, the only tenants that leased 5% or more of the Company's total square footage were FDX and its subsidiaries and Milwaukee Electric Tool Corporation, which leased approximately 862,000 square feet, comprising approximately 5% of the Company’s rental space.

During fiscal 2017, the only tenant that accounted for 5% or more of the Company’s rental and reimbursement revenue was FDX (including its subsidiaries). The Company’s rental and reimbursement revenue from FDX and its subsidiaries for the fiscal years ended September 30, 2017, 2016 and 2015, respectively, totaled approximately $68,151,000, $52,793,000 and $41,954,000, or 60% (7% from FDX and 53% from FDX subsidiaries), 56% (7% from FDX and 49% from FDX subsidiaries) and 54% (8% from FDX and 46% from FDX subsidiaries), of total rent and reimbursement revenues.

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FDX is a publicly-owned company and financial information related to this entity is available at the SEC's website, www.sec.gov. FDX is rated "BBB" by S&P Global Ratings (www.standardandpoors.com) and is rated "Baa2" by Moody's (www.moodys.com), which are both considered "Investment Grade" ratings. The references in this report to the SEC's website, S&P Global Ratings' website and Moody's website are not intended to and do not include or incorporate by reference into this report the information of FDX, S&P Global Ratings or Moody's on such websites.

In addition to real estate property holdings, the Company held $123,764,770 in marketable REIT securities at September 30, 2017, representing 7.7% of the Company's undepreciated assets (which is the Company's 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. The securities portfolio provides the Company with additional diversification, liquidity, and income, and serves as a proxy for real estate when more favorable risk adjusted returns are not available.

The Company's weighted-average lease expiration was 7.9 and 7.4 years as of September 30, 2017 and 2016, respectively, and its average annualized rent per occupied square foot as of September 30, 2017 and 2016 was $5.93 and $5.72, respectively. The Company's occupancy rate as of September 30, 2017 and 2016 was 99.3% and 99.6%, respectively. Subsequent to fiscal yearend, on November 1, 2017, the Company leased its previously vacant 36,270 square foot facility located in Urbandale (Des Moines), IA for 10.2 years which increased our current occupancy rate to 99.5%. In addition, the Company is under contract to sell its only currently vacant building located in Ft. Myers, FL, for $6,400,000.

The Company competes 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 the Company operates is significant and affects the Company's ability to acquire or expand properties, occupancy levels, rental rates, and operating expenses of certain properties. Management has built long-term relationships within the merchant builder community which have historically provided the Company with investment opportunities that fit the Company's investment policy. The amount of new construction of industrial properties on the national level has been increasing the past five years following several years of historically low levels of new supply. These levels of new supply, although increasing, continue to be below historical norms. Driven to a large extent by the continued growth in ecommerce sales, demand for industrial space remains very strong, driving national occupancy rates to an all-time high of 95% currently. For further discussion of potential impact of competitive conditions on our business, see Item 1A: Risk Factors below.

The Company continues to invest in marketable securities of other REITs, which the Company generally limits to no more than approximately 10% of its undepreciated assets (which is the Company's total assets excluding accumulated depreciation). The Company's investments in equity securities of other REITs provides the Company with additional diversification, liquidity, and income, and serves as a proxy for real estate when more favorable risk adjusted returns are not available. The Company from time to time may purchase these securities on margin when the interest and dividend yields exceed the cost of funds. In general, the Company may borrow up to 50% of the value of the marketable securities, which was $123,764,770 as of September 30, 2017. As of September 30, 2017, the Company had borrowings of $10,091,417 under its margin line, bearing interest at 2.05%. As of September 30, 2016, there were no draws against the margin. The REIT securities portfolio, to the extent not pledged to secure borrowings, provides the Company with additional liquidity and additional income. Such securities are subject to risks arising from adverse changes in market rates and prices, primarily market price risk relating to equity securities and interest rate risk relating to debt securities. From time to time, the Company may use derivative instruments to mitigate interest rate risk, however, this has not occurred during any periods presented. At September 30, 2017 and 2016, the Company had $123,764,770 and $73,604,894, respectively, of securities available for sale. The unrealized net gain on securities available for sale at September 30, 2017 and 2016 was $6,570,565 and $12,942,267, respectively, resulting in a decrease for the fiscal year of $6,371,702. For the fiscal years ended September 30, 2017, 2016 and 2015, the Company's net realized gains from the sale of securities were $2,311,714, $4,398,599 and $805,513, respectively.

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The Company redeemed all of the 2,139,750 outstanding shares of the 7.625% Series A Cumulative Redeemable Preferred Stock, $0.01 par value per share (7.625% Series A Preferred Stock), on October 14, 2016, at a redemption price of $25.00 per share, totaling $53,493,750, plus all dividends, in the amount of $498,540, which were accrued and unpaid, up to and including the redemption date. The redemption price for the 7.625% Series A Preferred Stock, including its related accumulated and unpaid dividends, was paid with a portion of the net proceeds from the Company's issuance on September 13, 2016 of 5,400,000 shares of its 6.125% Series C Cumulative Redeemable Preferred Stock, $0.01 par value per share (6.125% Preferred Stock) at an offering price and liquidation preference of $25.00 per share in an underwritten public offering. The Company recognized a deemed dividend of $2,942,149 on the Consolidated Statement of Income for the fiscal year ended September 30, 2016, which represents the difference between redemption value and carrying value net of original deferred issuance costs.

The Company redeemed all of the 2,300,000 outstanding shares of the 7.875% Series B Cumulative Redeemable Preferred Stock, $0.01 par value per share (7.875% Series B Preferred Stock) on June 7, 2017, at a redemption price of $25.00 per share, totaling $57,500,000, plus accumulated and unpaid dividends for the period from June 1, 2017 up to and not including, the redemption date, in an amount equal to $0.0328125, totaling $75,469, for a total cash payment of $25.0328125 per share, totaling $57,575,469. The Company recognized a deemed dividend of $2,467,165 on the Consolidated Statement of Income for the fiscal year ended September 30, 2017, which represents the difference between redemption value and carrying value net of original deferred issuance costs.

On March 9, 2017, the Company issued an additional 3,000,000 shares of its 6.125% Series C Preferred Stock at a public offering price of $24.50 per share, for gross proceeds of $73,500,000 before deducting the underwriting discount and offering expenses. Net proceeds from the offering, after deducting underwriting discounts and other offering expenses, were approximately $71,003,000. On June 7, 2017, the Company used a portion of the net proceeds from this offering to redeem all of the outstanding shares of its 7.875% Series B Preferred Stock, including its related accumulated and unpaid dividends, as discussed above. The remaining proceeds were used to purchase properties in the ordinary course of business and for general corporate purposes.

On June 29, 2017, the Company entered into the Preferred Stock ATM Program with FBR Capital Markets & Co. in which the Company may, from time to time, offer and sell additional shares of its 6.125% Series C Preferred Stock, with a liquidation preference of $25.00 per share, having an aggregate sales price of up to $100,000,000. The Company began selling shares through the Preferred Stock ATM Program on July 3, 2017. As of September 30, 2017, the Company sold 1,439,445 shares under its Preferred Stock ATM Program at a weighted average price of $25.31 per share, and generated net proceeds, after offering expenses, of approximately $35,730,000.

As of September 30, 2017, 9,839,445 shares of the 6.125% Series C Preferred Stock were issued and outstanding.

Subsequent to fiscal yearend to date, the Company sold 820,290 shares under its Preferred Stock ATM Program at a weighted average price of $25.14 per share, and generated net proceeds, after offering expenses, of approximately

$20,296,000.

Investment and Other Policies

The Company's investment policy is to concentrate its investments in well-located, modern, single-tenant, industrial buildings, leased primarily to investment-grade tenants or their subsidiaries on long-term net leases. The Company's strategy is to obtain a favorable yield spread between the income from the net-leased industrial properties and interest costs. In addition, management believes that investments in well-located, modern industrial properties provide a potential for long-term capital appreciation. There is the risk that, upon expiration of leases, the properties will become vacant or will be re-leased at lower rents. The results obtained by the Company from re-leasing the properties will depend on the market for industrial properties at that time.

In fiscal 2017, approximately 10% of our gross leasable area, representing 13 leases totaling 1,539,526 square feet, was set to expire. The Company has renewed 12 of these 13 leases that were set to expire. One of the 12 leases, (which is with FedEx Ground Package System, Inc. for a property located in Ft. Myers, FL), renewed for only eight months because the tenant moved its operations from our 87,500 square foot facility to our newly constructed facility, which is also located in Ft. Myers, FL. The Company purchased the new facility, consisting of 213,672 square feet on December 30, 2016 and this new facility is leased for 10 years. On September 1, 2017, a parking lot expansion for this property was completed for a cost of approximately $862,000, resulting in a new 10 year lease which extended the prior lease expiration date from September 2026 to August 2027. The original Ft. Myers, FL facility is under contract to sell for approximately $6,400,000, which is approximately $2,400,000 above the Company's U.S. GAAP net book carrying value.

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Excluding the eight-month lease renewal at the original Ft. Myers, FL location, the 11 leases that have renewed during fiscal 2017 represent 1,415,756 square feet, or 92% of the expiring square footage and represent 5.7% of the space up for renewal in fiscal 2017. These 11 lease renewals resulted in a weighted average term of 6.8 years and a U.S. GAAP straight-line weighted average lease rate of $5.70 per square foot. The weighted average initial cash rent per square foot is $5.59. This compares to the former weighted average rent of $5.73 per square foot on a U.S. GAAP straight-line basis and the former weighted average cash rent of $5.82 per square foot, representing a decrease in the weighted average lease rate of 0.5% on a U.S. GAAP straight-line basis and a decrease in the weighted average lease rate of 4.0% on a cash basis.

The one property subject to a lease that expired in fiscal 2017 and was not renewed was our 36,270 square foot facility located in Urbandale (Des Moines), IA. Effective November 1, 2017, the Company entered into a 10.2 year lease agreement with a new tenant for this facility. The lease agreement provides for two months of free rent, after which initial annual rent of $159,588, representing $4.40 per square foot, will commence, with 2.0% annual increases thereafter, resulting in a straight-line annualized rent of approximately $172,000, representing $4.74 per square foot over the life of the lease. This compares to the former average straight-lined rent of $3.56 per square foot on a U.S. GAAP straight-line basis and the former cash rent of $3.88 per square foot, representing an increase in the average lease rate of 33.1% on a U.S. GAAP straight-line basis and an increase in the lease rate of 13.4% on a cash basis.

The Company seeks to invest in well-located, modern, single tenant, industrial buildings, leased primarily to investment-grade tenants or their subsidiaries on long-term net leases. In management's opinion, the newly built facilities meet these criteria. The Company has a concentration of properties leased to FDX and FDX subsidiaries. This is a risk that shareholders should consider. FDX is a publicly-owned company and financial information related to this entity is available at the SEC's website, www.sec.gov. FDX is rated "BBB" by S&P Global Ratings (www.standardandpoors.com) and is rated "Baa2" by Moody's (www.moodys.com), which are both considered "Investment Grade" ratings. The references in this report to the SEC's website, S&P Global Ratings' website and Moody's website are not intended to and do not include or incorporate by reference into this report the information of FDX, S&P Global Ratings or Moody's on such websites.

The Company may issue securities for property; however, this has not occurred to date. The Company may repurchase or reacquire its shares from time to time if, in the opinion of the Board of Directors, such acquisition is advantageous to the Company. No shares were repurchased or reacquired during fiscal 2017 and, as of September 30, 2017, the Company does not own any of its own shares.

Property Management

Currently, all 108 properties owned by the Company, with the exception of three properties that are located in Stow, Ohio, Streetsboro, Ohio and Carlstadt, New Jersey, are self-managed by the Company.

The Company paid fees directly to local property management subagents in the amount of $393,622, $356,316 and $306,487 for fiscal years ended September 30, 2017, 2016 and 2015, respectively.

The Company's industrial properties in Stow, Ohio and Streetsboro, Ohio are managed by GEIS Companies (GEIS). Management fees paid to GEIS for the fiscal years ended September 30, 2017, 2016 and 2015 were $52,358, $50,082 and $50,112, respectively. These management fees were reimbursed to the Company by the tenants.

The Company's industrial property in Carlstadt, New Jersey is owned by Palmer Terrace Realty Associates, LLC. The Company owns 51% of Palmer Terrace Realty Associates, LLC. This property is managed by Marcus Associates, an entity affiliated with the owner of the 49% non-controlling interest. Management fees paid by Palmer Terrace Realty Associates, LLC to Marcus Associates were $15,804 for each of the fiscal years ended September 30, 2017, 2016 and 2015.

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Environmental Matters

Under various federal, state and local environmental laws, statutes, ordinances, rules and regulations, an owner of real property may be liable for the costs of removal or remediation of certain hazardous or toxic substances at, on, in or under such property as well as certain other potential costs relating to hazardous or toxic substances. These liabilities may include government fines and penalties and damages for injuries to persons and adjacent property. Such laws often impose liability without regard to whether the owner knew of, or was responsible for, the presence or disposal of such substances. Although generally our tenants are primarily responsible for any environmental damages and claims related to the leased premises, in the event of the bankruptcy or inability of a tenant of such premises to satisfy any obligations with respect to such environmental liability, the Company may be required to satisfy such obligations. In addition, as the owner of such properties, the Company may be held directly liable for any such damages or claims irrespective of the provisions of any lease.

From time to time, in connection with managing the properties or upon acquisition of a property, the Company authorizes the preparation of Phase I and, when necessary, Phase II environmental reports with respect to its properties. Based upon such environmental reports and the Company’s ongoing review of its properties, as of the date of this Annual Report, the Company is not aware of any environmental condition with respect to any of its properties which it believes would be reasonably likely to have a material adverse effect on its financial condition and/or results of operations. There can be no assurance, however, that (1) the discovery of environmental conditions, the existence or severity of which were previously unknown; (2) changes in law; (3) the conduct of tenants; or (4) activities relating to properties in the vicinity of our properties, will not expose the Company to material liability in the future.

Contact Information

Additional information about the Company can be found on the Company’s website which is located at www.mreic.reit. Information contained on or hyperlinked from our Website is not incorporated by reference into and should not be considered part of this Annual Report on Form 10-K or our other filings with the Securities and Exchange Commission (SEC). The Company makes available, free of charge, on or through its website, annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. You can also read and copy any materials the Company files with the SEC at its Public Reference Room at 100 F Street, NE, Washington, DC 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC maintains an Internet site (http://www.sec.gov) that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC.

Segment Reporting & Financial Information

The Company's primary business is the ownership and management of real estate properties. The Company invests in well-located, modern, single tenant, industrial buildings leased primarily to investment-grade tenants or their subsidiaries on long-term net leases. The Company reviews operating and financial information for each property on an individual basis and, therefore, each property represents an individual operating segment. The Company evaluates financial performance using Net Operating Income (NOI) from property operations. NOI is a non-GAAP financial measure, which we define as recurring Rental and Reimbursement Revenue, less Real Estate Taxes and Operating Expenses, such as insurance, utilities and repairs and maintenance. The Company has aggregated the properties into one reportable segment as the properties share similar long-term economic characteristics and have other similarities, including the fact that they are operated as industrial properties subject to long-term net leases primarily to investment-grade tenants or their subsidiaries. For required financial information related to our operations and assets, please refer to our consolidated financial statements, including the notes thereto, included in Item 8 "Financial Statements and Supplementary Data" in this Annual Report.

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ITEM 1A – RISK FACTORS

The following risk factors address the material risks concerning our business. If any of the risks discussed in this report were to occur, our business, prospects, financial condition, results of operation and our ability to service our debt and make distributions to our shareholders could be materially and adversely affected and the market price per share of our stock could decline significantly. Some statements in this report, including statements in the following risk factors, constitute forward-looking statements. Please refer to the section entitled "Cautionary Statement Regarding Forward-Looking Statements."

Real Estate Industry Risks

Our business and financial results are affected by local real estate conditions in areas where we own properties. We may be affected adversely by general economic conditions and local real estate conditions. For example, an oversupply of industrial properties in a local area or a decline in the attractiveness of our properties to tenants and potential tenants could have a negative effect on us.

Other factors that may affect general economic conditions or local real estate conditions include but are not limited to:

- population and demographic trends;
- employment and personal income trends;
- zoning, use and other regulatory restrictions;
- income tax laws;
- changes in interest rates and availability and costs of financing; and
- competition from other available real estate.

We may be unable to compete with our larger competitors and other alternatives available to tenants or potential tenants of our properties. The real estate business is highly competitive. We compete for properties with other real estate investors and purchasers, including other real estate investment trusts, limited partnerships, syndications and private investors, some of whom may have greater financial resources, revenues and geographical diversity than we have. Furthermore, we compete for tenants with other property owners. All of our industrial properties are subject to significant local competition. We also compete with a wide variety of institutions and other investors for capital funds necessary to support our investment activities and asset growth. To the extent that we are unable to effectively compete in the marketplace, our business may be adversely affected.

We are subject to significant regulation that inhibits our activities and may increase our costs. Local zoning and use laws, environmental statutes and other governmental requirements may restrict expansion, rehabilitation and reconstruction activities. These regulations may prevent us from taking advantage of economic opportunities. Legislation such as the Americans with Disabilities Act may require us to modify our properties at a substantial cost and noncompliance could result in the imposition of fines or an award of damages to private litigants. Future legislation may impose additional requirements. We may incur additional costs to comply with any future requirements.

Our investments are concentrated in the industrial distribution sector and our business would be adversely affected by an economic downturn in that sector. Our investments in real estate assets are primarily concentrated in the industrial distribution sector. This concentration may expose us to the risk of economic downturns in this sector to a greater extent than if our business activities included a more significant portion of other sectors of the real estate industry.

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Risks Associated with Our Properties

We may be unable to renew or extend leases or re-let space as leases expire. While we seek to invest in well-located, modern, single tenant, industrial buildings, leased to investment-grade tenants or their subsidiaries on long-term net leases, a number of our properties are subject to short-term leases. When a lease expires, a tenant may elect not to renew or extend it. We may not be able to re-let the property on similar terms, if we are able to re-let the property at all. The terms of renewal, extension or re-lease (including the cost of required renovations and/or concessions to tenants) may be less favorable to us than the prior lease. If we are unable to re-let all or a substantial portion of our properties, or if the rental rates upon such re-letting are significantly lower than expected rates, our cash generated before debt repayments and capital expenditures and our ability to make expected distributions, may be adversely affected. We have established an annual budget for renovation and re-letting expenses that we believe is reasonable in light of each property's operating history and local market characteristics. However, this budget may not be sufficient to cover these expenses.

Our business is substantially dependent on FedEx Corporation. FDX, together with its subsidiaries, is our largest tenant, consisting of 58 separate stand-alone leases located in 24 different states as of September 30, 2017. As of September 30, 2017, the Company had approximately 18,790,000 square feet of property, of which approximately 9,391,000 square feet, or 50%, were leased to FDX and its subsidiaries (7% from FDX and 43% from FDX subsidiaries). Rental and reimbursement revenue from FDX and its subsidiaries is approximately 60% (7% from FDX and 53% from FDX subsidiaries) of total rental and reimbursement revenue for fiscal 2017. No other tenant accounted for 5% or more of the Company's total Rental and Reimbursement revenue for fiscal 2017. As a result of this concentration, our business, financial condition and results of operations, including the amount of cash available for distribution to our stockholders, could be adversely affected if we are unable to do business with FDX or FDX reduces its business with us or FDX and its subsidiaries were to become unable to make lease payments because of a downturn in its business or otherwise.

FDX is a publicly-owned company and financial information related to this entity is available at the SEC's website, www.sec.gov. FDX is rated "BBB" by S&P Global Ratings (www.standardandpoors.com) and is rated "Baa2" by Moody's (www.moodys.com), which are both considered "Investment Grade" ratings. The references in this report to the SEC's website, S&P Global Ratings' website and Moody's website are not intended to and do not include or incorporate by reference into this report the information of FDX, S&P Global Ratings or Moody's on such websites.

We are subject to risks involved in single tenant leases. We focus our acquisition activities on real properties that are net-leased to single tenants. Therefore, the financial failure of, or other default by, a single tenant under its lease is likely to cause a significant reduction in the operating cash flow generated by the property leased to that tenant and might decrease the value of that property. In addition, we will be responsible for 100% of the operating costs following a vacancy at a single tenant building.

***We may be affected negatively by tenant financial difficulties and leasing delays*.** At any time, a tenant may experience a downturn in its business that may weaken its financial condition. Similarly, a general decline in the economy may result in a decline in the demand for space at our industrial properties. As a result, our tenants may delay lease commencement, fail to make rental payments when due, or declare bankruptcy. Any such event could result in the termination of that tenant's lease and losses to us.

We receive a substantial portion of our income as rents under long-term leases. If tenants are unable to comply with the terms of their leases because of rising costs or falling revenues, we, in our sole discretion, may deem it advisable to modify lease terms to allow tenants to pay a lower rental rate or a smaller share of operating costs, taxes and insurance. If a tenant becomes insolvent or bankrupt, we cannot be sure that we could recover the premises from the tenant promptly or from a trustee or debtor-in-possession in any bankruptcy proceeding relating to the tenant. We also cannot be sure that we would receive rent in the proceeding sufficient to cover our expenses with respect to the premises. If a tenant becomes bankrupt, the federal bankruptcy code will apply and, in some instances, may restrict the amount and recoverability of our claims against the tenant. A tenant's default on its obligations to us for any reason could adversely affect our financial condition and the cash we have available for distribution.

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We may be unable to sell properties when appropriate because real estate investments are illiquid. Real estate investments generally cannot be sold quickly and, therefore, will tend to limit our ability to vary our property portfolio promptly in response to changes in economic or other conditions. In addition, the Code may limit our ability to sell our properties. The inability to respond promptly to changes in the performance of our property portfolio could adversely affect our financial condition and ability to service debt and make distributions to our shareholders.

Environmental liabilities could affect our profitability. We face possible environmental liabilities. Environmental laws today can impose liability on a previous owner or operator of a property that owned or operated the property at a time when hazardous or toxic substances were disposed on, or released from, the property. A conveyance of the property, therefore, does not relieve the owner or operator from liability. As a current or former owner and operator of real estate, we may be required by law to investigate and clean up hazardous substances released at or from the properties we currently own or operate or have in the past owned or operated. We may also beliable to the government or to third parties for property damage, investigation costs and cleanup costs. In addition, some environmental laws create a lien on the contaminated site in favor of the government for damages and costs the government incurs in connection with the contamination. Contamination may adversely affect our ability to sell or lease real estate or to borrow using the real estate as collateral. We are not aware of any environmental liabilities relating to our investment properties which would have a material adverse effect on our business, assets, or results of operations. However, we cannot assure you that environmental liabilities will not arise in the future and that such liabilities will not have a material adverse effect on our business, assets or results of operation.

Actions by our competitors may decrease or prevent increases in the occupancy and rental rates of our properties. We compete with other owners and operators of real estate, some of which own properties similar to ours in the same submarkets in which our properties are located. If our competitors offer space at rental rates below current market rates or below the rental rates we currently charge our tenants, we may lose potential tenants, and we may be pressured to reduce our rental rates below those we currently charge in order to retain tenants when our tenants' leases expire. As a result, our financial condition, cash flow and cash available for distribution, the market price of our preferred and common stock and our ability to satisfy our debt service obligations could be materially and adversely affected.

Coverage under our existing insurance policies may be inadequate to cover losses. Weather conditions and natural disasters such as hurricanes, tornadoes, earthquakes, floods, droughts, fires and other environmental conditions can harm our business operations. We generally maintain insurance policies related to our business, including casualty, general liability and other policies, covering our business operations, employees and assets. However, we would be required to bear all losses that are not adequately covered by insurance. In addition, there are certain losses that are not generally insured because it is not economically feasible to insure against them, including losses due to riots or acts of war. If an uninsured loss or a loss in excess of insured limits were to occur with respect to one or more of our properties, then we could lose the capital we invested in the properties, as well as the anticipated future revenue from the properties and, in the case of debt, which is with recourse to us, we would remain obligated for any mortgage debt or other financial obligations related to the properties. Although we believe that our insurance programs are adequate, we cannot assure you that we will not incur losses in excess of our insurance coverage, or that we will be able to obtain insurance in the future at acceptable levels and reasonable costs.

We may be unable to acquire properties on advantageous terms or acquisitions may not perform as we expect. We have acquired individual properties and intend to continue to do so. However, we may be unable to acquire any of the properties that we may identify as potential acquisition opportunities in the future. Our acquisition activities and their success are subject to the following risks:

when we are able to locate a desired property, competition from other real estate investors may significantly increase the purchase price;

acquired properties may fail to perform as expected;

the actual costs of repositioning or redeveloping acquired properties may be higher than our estimates;

acquired properties may be located in new markets where we face risks associated with an incomplete knowledge or understanding of the local market, a limited number of established business relationships in the area and a relative unfamiliarity with local governmental and permitting procedures;

we may be unable to quickly and efficiently integrate new acquisitions, particularly acquisitions of portfolios of properties, into our existing operations, and as a result, our results of operations and financial condition could be adversely affected; and

we may acquire properties subject to liabilities and without any recourse, or with only limited recourse, to the seller. As a result, if a claim were asserted against us based upon ownership of those properties, we might have to pay substantial sums to resolve it, which could adversely affect our cash flow and financial condition.

Financing Risks

We face inherent risks associated with our debt incurrence. We finance a portion of our investments in properties and marketable securities through the incurrence of debt. We are subject to the risks normally associated with debt financing, including the risk that our cash flow will be insufficient to meet required payments of principal and interest. In addition, debt creates other risks, including:

- rising interest rates on our variable rate debt;
- inability to repay or refinance existing debt as it matures, which may result in forced disposition of assets on disadvantageous terms;
- one or more lenders under our $200 million unsecured line of credit could refuse to fund their financing commitment to us or could fail, and we may not be able to replace the financing commitment of any such lenders on favorable terms, or at all;
- refinancing terms that are less favorable than the terms of existing debt; and
- inability to meet required payments of principal and/or interest.

We mortgage our properties, which subjects us to the risk of foreclosure in the event of non-payment. We mortgage many of our properties to secure payment of indebtedness and, if we are unable to meet mortgage payments, the property could be foreclosed upon or transferred to the mortgagee with a consequent loss of income and asset value. A foreclosure of one or more of our properties could adversely affect our financial condition, results of operations, cash flow, and ability to service debt and make distributions and the market price of our preferred and common stock.

We face risks related to "balloon payments" and refinancings. Certain mortgages will have significant outstanding principal balances on their maturity dates, commonly known as "balloon payments." There can be no assurance that we will have the funds available to fund the balloon payment or that we will be able to refinance the debt on favorable terms or at all. To the extent we cannot either pay off or refinance this debt on favorable terms or at all, we may be forced to dispose of properties on disadvantageous terms or pay higher interest rates, either of which could have an adverse impact on our financial performance and ability to service debt and make distributions.

We face risks associated with our dependence on external sources of capital. In order to qualify as a REIT, we are required each year to distribute to our shareholders at least 90% of our REIT taxable income, and we are subject to tax on our income to the extent it is not distributed. Because of this distribution requirement, we may not be able to fund all future capital needs from cash retained from operations. As a result, to fund capital needs, we rely on third-party sources of capital, which we may not be able to obtain on favorable terms, if at all. Our access to third-party sources of capital depends upon a number of factors, including (i) general market conditions; (ii) the market's perception of our growth potential; (iii) our current and potential future earnings and cash distributions; and (iv) the market price of our capital stock. Additional debt financing may substantially increase our debt-to-total capitalization ratio. Additional equity issuances may dilute the holdings of our current shareholders.

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We may become more highly leveraged, resulting in increased risk of default on our obligations and an increase in debt service requirements which could adversely affect our financial condition and results of operations and our ability to pay distributions. We have incurred, and may continue to incur, indebtedness in furtherance of our activities. Our governing documents do not limit the amount of indebtedness we may incur. Accordingly, our Board of Directors may authorize us to incur additional debt and would do so, for example, if it were necessary to maintain our status as a REIT. We could therefore become more highly leveraged, resulting in an increased risk of default on our obligations and an increase in debt service requirements which could adversely affect our financial condition and results of operations and our ability to pay distributions to shareholders.

Fluctuations in interest rates could materially affect our financial results. Because a portion of our debt bears interest at variable rates, increases in interest rates could materially increase our interest expense. If the United States Federal Reserve increases short-term interest rates, this may have a significant upward impact on shorter-term interest rates, including the interest rates that our variable rate debt is based upon. Potential future increases in interest rates and credit spreads may increase our interest expense and therefore negatively affect our financial condition and results of operations, and reduce our access to the debt or equity capital markets.

Covenants in our loan documents could limit our flexibility and adversely affect our financial condition. The terms of our various credit agreements and other indebtedness require us to comply with a number of customary financial and other covenants, such as maintaining debt service coverage and leverage ratios and maintaining insurance coverage. These covenants may limit our flexibility in our operations, and breaches of these covenants could result in defaults under the instruments governing the applicable indebtedness even if we had satisfied our payment obligations. If we were to default under credit agreements or other debt instruments, our financial condition could be adversely affected.

Risks Related to our Status as a REIT

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. The determination of whether a lease is a true lease depends upon an analysis of all the surrounding facts and circumstances. 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 (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 could 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 shareholders at least 90 percent of our taxable income, excluding net capital gains. To the extent that we satisfy the 90 percent distribution requirement, but distribute less than 100 percent of our taxable income, we will be subject to federal corporate income tax on our undistributed income. In addition, we will incur a 4 percent nondeductible excise tax on the amount, if any, by which our distributions (or deemed distributions) and the amounts of income retained on which we have paid corporate income tax in any year are less than the sum of:

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

To the extent we pay out in excess of 100 percent of our taxable income for any tax year, we may be able to carry forward such excess to subsequent years to reduce our required distributions for purposes of the 4 percent excise tax in such subsequent years. We intend to pay out our income to our shareholders in a manner intended to satisfy the 90 percent distribution requirement. Differences in timing between the recognition of income and the related cash receipts, the effects of non-deductible capital expenditures, the creation of reserves or the effect of required debt amortization payments could require us to borrow money or sell assets (potentially during unfavorable market conditions) to pay out enough of our taxable income to satisfy the 90 percent distribution requirement and to avoid corporate income tax.

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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, limitations on distributions imposed by law or our financing arrangements 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.

We may be required to pay a penalty tax upon the sale of a property. The federal income tax provisions applicable to REITs provide that any gain realized by a REIT on the sale of property, other than foreclosure property, held as inventory or other property held primarily for sale to customers in the ordinary course of business is treated as income from a "prohibited transaction" that is subject to a 100 percent penalty tax. Under current law, unless a sale of real property qualifies for a safe harbor, the question of whether the sale of real estate or other property constitutes the sale of property held primarily for sale to customers is generally a question of the facts and circumstances regarding a particular transaction. It is our intent that we and our subsidiaries will hold the interests in the real estate for investment with a view to long-term appreciation, engage in the business of acquiring and owning real estate, and make occasional sales as are consistent with our investment objectives. We do not intend to engage in prohibited transactions. We cannot assure you, however, that we will only make sales that satisfy the requirements of the safe harbors or that the IRS will not successfully assert that one or more of such sales are prohibited transactions. The 100% tax will not apply to gains from the sale of property that is held through a taxable REIT subsidiary or other taxable corporation, although such income will be subject to tax in the hands of the corporation at regular U.S. federal income tax rates.

We may be adversely affected if we fail to qualify as a REIT. If we fail to qualify as a REIT, we will not be allowed to deduct distributions to shareholders in computing our taxable income and will be subject to federal income tax, including any applicable alternative minimum tax, at regular corporate rates and possibly increased state and local taxes. In addition, we might be barred from qualification as a REIT for the four years following disqualification. The additional tax incurred at regular corporate rates would reduce significantly the cash flow available for distribution to shareholders and for debt service. Furthermore, we would no longer be required to make any distributions to our shareholders as a condition to REIT qualification. Any distributions to shareholders would be taxable as ordinary income to the extent of our current and accumulated earnings and profits, although such dividend distributions would be subject to a top federal income tax rate of 20% (and potentially a Medicare tax of 3.8%), provided applicable requirements of the Internal Revenue Code are satisfied. Corporate distributees, however, may be eligible for the dividends received deduction on the distributions, subject to limitations under the Code.

To qualify as a REIT, we must comply with certain highly technical and complex requirements. We cannot be certain we have complied, and will always be able to comply, with the requirements to qualify as a REIT because there are few judicial and administrative interpretations of these provisions. In addition, facts and circumstances that may be beyond our control may affect our ability to continue to qualify as a REIT. We cannot assure you that new legislation, regulations, administrative interpretations or court decisions will not change the tax laws significantly with respect to our qualification as a REIT or with respect to the federal income tax consequences of qualification. We believe that we have qualified as a REIT since our inception and intend to continue to qualify as a REIT. However, we cannot assure you that we are qualified or will remain qualified.

There is a risk of changes in the tax law applicable to real estate investment trusts. Because the IRS, the United States Treasury Department and Congress frequently review federal income tax legislation, we cannot predict whether, when or to what extent new federal tax laws, regulations, interpretations or rulings will be adopted. Any of such legislative action may prospectively or retroactively modify our tax treatment and, therefore, may adversely affect taxation of us and/or our investors. You are urged to consult with your tax advisor with respect to the status of legislative, regulatory, judicial or administrative developments and proposals and their potential effect on an investment in our securities.

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We may be unable to comply with the strict income distribution requirement applicable to REITs. As noted above, to maintain qualification as a REIT under the Code, a REIT must annually distribute to its shareholders at least 90% of its REIT taxable income, excluding the dividends paid deduction and net capital gains. This requirement limits our ability to accumulate capital. We may not have sufficient cash or other liquid assets to meet the 90% distribution requirements. Difficulties in meeting the 90% distribution requirement might arise due to competing demands for our funds or to timing differences between tax reporting and cash receipts and disbursements, because income may have to be reported before cash is received, because expenses may have to be paid before a deduction is allowed, because deductions may be disallowed or limited or because the IRS may make a determination that adjusts reported income. In those situations, we might be required to borrow funds or sell properties on adverse terms in order to meet the 90% distribution requirement and interest and penalties could apply which could adversely affect our financial condition. If we fail to satisfy the 90% distribution requirement, we would cease to be taxed as a REIT.

Notwithstanding our status as a REIT, we are subject to various federal, state and local taxes on our income and property. For example, we will be taxed at regular corporate rates on any undistributed taxable income, including undistributed net capital gains; provided, however, that properly designated undistributed capital gains will effectively avoid taxation at the shareholder level. We may be subject to other federal income taxes and may also have to pay some state income or franchise taxes because not all states treat REITs in the same manner as they are treated for federal income tax purposes. In addition, any taxable REIT subsidiary that we may form will be subject to regular corporate federal, state and local taxes. Any of these taxes would decrease cash available for distributions to stockholders.

Other Risks

We may not be able to access adequate cash to fund our business. Our business requires access to adequate cash to finance our operations, distributions, capital expenditures, debt service obligations, development and redevelopment costs and property acquisition costs, if any. We expect to generate the cash to be used for these purposes primarily with operating cash flow, borrowings under secured and unsecured term loans, proceeds from sales of strategically identified assets and, when market conditions permit, through the issuance of debt and equity securities from time to time. We may not be able to generate sufficient cash to fund our business, particularly if we are unable to renew or extend leases, lease vacant space or re-lease space as leases expire according to expectations.

We are dependent on key personnel. Our executive and other senior officers have a significant role in our success. Our ability to retain our management group or to attract suitable replacements should any members of the management group leave is dependent on the competitive nature of the employment market. The loss of services from key members of the management group or a limitation in their availability could adversely affect our financial condition and cash flow. Further, such a loss could be negatively perceived in the capital markets.

We may amend our business policies without shareholder approval. Our Board of Directors determines our growth, investment, financing, capitalization, borrowing, operations and distributions policies. In addition, our charter provides that our Board of Directors may revoke or otherwise terminate our REIT election, without the approval of our shareholders, if it determines that it is no longer in our best interest to continue to qualify as a REIT. Although our Board of Directors has no present intention to amend or reverse any of these policies, they may be amended or revised without notice to shareholders. Accordingly, shareholders may not have control over changes in our policies. We cannot assure you that changes in our policies will serve fully the interests of all shareholders.

The market value of our preferred and common stock could decrease based on our performance and market perception and conditions. The market value of our preferred and common stock may be based primarily upon the market’s perception of our growth potential and current and future cash dividends, and may be secondarily based upon the real estate market value of our underlying assets. The market price of our preferred and common stock is influenced by their respective distributions relative to market interest rates. Rising interest rates may lead potential buyers of our stock to expect a higher distribution rate, which could adversely affect the market price of our stock. In addition, rising interest rates could result in increased expense, thereby adversely affecting cash flow and our ability to service our indebtedness and pay distributions.

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There are restrictions on the ownership and transfer of our capital stock. To maintain our qualification as a REIT under the Code, no more than 50% in value of our outstanding capital stock may be owned, actually or by attribution, by five or fewer individuals, as defined in the Code to also include certain entities, during the last half of a taxable year. Accordingly, our charter contains provisions restricting the ownership and transfer of our capital stock. These restrictions may discourage a tender offer or other transaction, or a change in management or of control of us that might involve a premium price for our common stock or preferred stock or that our shareholders otherwise believe to be in their best interests, and may result in the transfer of shares acquired in excess of the restrictions to a trust for the benefit of a charitable beneficiary and, as a result, the forfeiture by the acquirer of the benefits of owning the additional shares.

Our earnings are dependent, in part, upon the performance of our investment portfolio. As permitted by the Code, we invest in and own marketable securities of other REITs, which we generally limit to no more than approximately 10% of our undepreciated assets (which is our total assets excluding accumulated depreciation). To the extent that the value of those investments declines or those investments do not provide an attractive return, our earnings and cash flow could be adversely affected.

We are subject to restrictions that may impede our ability to effect a change in control. Certain provisions contained in our charter and bylaws and certain provisions of Maryland law may have the effect of discouraging a third party from making an acquisition proposal for us and thereby inhibit a change in control. These provisions include the following:

Our charter provides for three classes of directors with the term of office of one class expiring each year, commonly referred to as a “staggered board.” By preventing common shareholders from voting on the election of more than one class of directors at any annual meeting of shareholders, this provision may have the effect of keeping the current members of our Board of Directors in control for a longer period of time than shareholders may desire.

Our charter generally limits any stockholder from acquiring more than 9.8% (in value or in number of shares, whichever is more restrictive) of our outstanding equity stock (defined as all of our classes of capital stock, except our excess stock). While this provision is intended to assist us in qualifying as a REIT for federal income tax purposes, the ownership limit may also limit the opportunity for shareholders to receive a premium for their shares of common stock that might otherwise exist if an investor was attempting to assemble a block of shares in excess of 9.8% of the outstanding shares of equity stock or otherwise effect a change in control.

The request of shareholders entitled to cast a majority of the votes entitled to be cast at such meeting is necessary for shareholders to call a special meeting. We also require advance notice from shareholders for the nomination of directors or proposals of business to be considered at a meeting of shareholders.

Our Board of Directors may authorize and cause us to issue securities without shareholder approval. Under our charter, our Board of Directors has the power to classify and reclassify any of our unissued shares of capital stock into shares of capital stock with such preferences, rights, powers and restrictions as the Board of Directors may determine.

"Business combination" provisions that provide that, unless exempted, a Maryland corporation may not engage in certain business combinations, including mergers, dispositions of 10 percent or more of its assets, certain issuances of shares of stock and other specified transactions, with an "interested shareholder" or an affiliate of an interested shareholder for five years after the most recent date on which the interested shareholder became an interested shareholder, and thereafter unless specified criteria are met. An interested shareholder is defined generally as any person who beneficially owns 10% or more of the voting power of our shares or an affiliate thereof or an affiliate or associate of ours who was the beneficial owner, directly or indirectly, of 10% or more of the voting power of our then outstanding voting stock at any time within the two-year period immediately prior to the date in question. In our charter, we have expressly elected that the Maryland Business Combination Act not govern or apply to any transaction with a related company, UMH Properties, Inc. (UMH), a Maryland corporation.

The duties of directors of a Maryland corporation do not require them to, among other things (a) accept, recommend or respond to any proposal by a person seeking to acquire control of the corporation, (b) authorize the corporation to redeem any rights under, or modify or render inapplicable, any shareholders rights plan, (c) make a determination under the Maryland Business Combination Act or the Maryland Control Share Acquisition Act to exempt any person or transaction from the requirements of those provisions, or (d) act or fail to act solely because of the effect of the act or failure to act may have on an acquisition or potential acquisition of control of the corporation or the amount or type of consideration that may be offered or paid to the shareholders in an acquisition.

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We cannot assure you that we will be able to pay distributions regularly. Our ability to pay distributions in the future is dependent on our ability to operate profitably and to generate cash from our operations and the operations of our subsidiaries and is subject to limitations under our financing arrangements and Maryland law. 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 became due in the usual course of business, or the corporation's total assets would be less than the sum of its total liabilities plus, unless the charter permits otherwise, the amount that would be needed if the corporation were to be dissolved at the time of the distribution to satisfy the preferential rights upon dissolution of stockholders whose preferential rights on dissolution are superior to those receiving the distribution. Accordingly, we cannot guarantee that we will be able to pay distributions on a regular quarterly basis in the future.

Future terrorist attacks and military conflicts could have a material adverse effect on general economic conditions, consumer confidence and market liquidity. Among other things, it is possible that interest rates may be affected by these events. An increase in interest rates may increase our costs of borrowing, leading to a reduction in our earnings. Terrorist acts could also result in significant damages to, or loss of, our properties. We and our tenants may be unable to obtain adequate insurance coverage on acceptable economic terms for losses resulting from acts of terrorism. Our lenders may require that we carry terrorism insurance even if we do not believe this insurance is necessary or cost effective. We may also be prohibited under the applicable lease from passing all or a portion of the cost of such insurance through to the tenant. Should an act of terrorism result in an uninsured loss or a loss in excess of insured limits, we could lose capital invested in a property, as well as the anticipated future revenues from a property, while remaining obligated for any mortgage indebtedness or other financial obligations related to the property. Any loss of these types could adversely affect our financial condition.

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 our capital 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 financing to widen considerably. 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 and the return we receive on our properties and investments, as well as other unknown adverse effects on us or the economy in general.

We are subject to risks arising from litigation. We may become involved in litigation. Litigation can be costly, and the results of litigation are often difficult to predict. We may not have adequate insurance coverage or contractual protection to cover costs and liability in the event we are sued, and to the extent we resort to litigation to enforce our rights, we may incur significant costs and ultimately be unsuccessful or unable to recover amounts we believe are owed to us. We may have little or no control of the timing of litigation, which presents challenges to our strategic planning.

Dividends on our capital stock do not qualify for the reduced tax rates available for some dividends. Income from "qualified dividends" payable to U.S. stockholders that are individuals, trusts and estates are generally subject to tax at preferential rates. Dividends payable by REITs, however, generally are not eligible for the preferential tax rates applicable to qualified dividend income. Although these rules do not adversely affect our taxation or the dividends payable by us, to the extent that the preferential rates continue to apply to regular corporate qualified dividends, investors who are individuals, trusts and estates may perceive an investment in us to be relatively less attractive than an investment in the stock of a non-REIT corporation that pays dividends, which could materially and adversely affect the value of the shares of, and per share trading price of, our capital stock.

ITEM 1B – UNRESOLVED STAFF COMMENTS

None.

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ITEM 2 - PROPERTIES

The Company operates as a REIT. Our portfolio is primarily comprised of real estate holdings, some of which have been long-term holdings carried on our financial statements at depreciated cost. We believe that their current market values exceed both the original cost and the depreciated cost.

The following table sets forth certain information concerning the Company's real estate investments as of September 30, 2017:

State	City (MSA)	Fiscal Year Acquisition	Type	Square Footage	Mortgage Balance 9/30/2017
AL	Huntsville	2005	Industrial	88,653	$589,073
AZ	Tolleson (Phoenix)	2003	Industrial	283,358	4,525,118
CO	Colorado Springs	2006	Industrial	68,370	1,043,704
CO	Colorado Springs	2016	Industrial	225,362	17,632,728
CO	Denver	2005	Industrial	69,865	746,617
CT	Newington (Hartford)	2001	Industrial	54,812	-0-
FL	Cocoa	2008	Industrial	144,138	-0-
FL	Davenport (Orlando)	2016	Industrial	310,922	25,077,642
FL	Ft. Myers (Vacant)	2003	Industrial	87,500	-0-
FL	Ft. Myers (FDX Ground)	2017	Industrial	213,672	14,021,964
FL	Homestead (Miami)	2017	Industrial	237,756	24,591,465
FL	Jacksonville (FDX)	1999	Industrial	95,883	-0-
FL	Jacksonville (FDX Ground)	2015	Industrial	297,579	17,370,102
FL	Lakeland	2006	Industrial	32,105	-0-
FL	Orlando	2008	Industrial	110,638	4,098,856
FL	Punta Gorda	2007	Industrial	34,624	-0-
FL	Tampa (FDX Ground)	2004	Industrial	170,779	5,910,953
FL	Tampa (FDX)	2006	Industrial	95,662	3,654,913
FL	Tampa (Tampa Bay Grand Prix)	2005	Industrial	68,385	-0-
GA	Augusta (FDX Ground)	2005	Industrial	59,358	562,454
GA	Augusta (FDX)	2006	Industrial	30,184	-0-
GA	Griffin (Atlanta)	2006	Industrial	218,120	-0-
IA	Urbandale (Des Moines) (Vacant)	1994	Industrial	36,270	-0-
IL	Burr Ridge (Chicago)	1997	Industrial	12,500	-0-
IL	Elgin (Chicago)	2002	Industrial	89,052	-0-
IL	Granite City (St. Louis, MO)	2001	Industrial	184,800	-0-
IL	Montgomery (Chicago)	2004	Industrial	171,200	-0-
IL	Rockford (Collins Aerospace Systems)	2015	Industrial	38,833	-0-
IL	Rockford (Sherwin-Williams Co.)	2011	Industrial	66,387	-0-

IL	Sauget (St. Louis, MO)	2015	Industrial	198,773	9,145,097
IL	Schaumburg (Chicago)	1997	Industrial	73,500	-0-
IL	Wheeling (Chicago)	2003	Industrial	123,000	-0-
IN	Greenwood (Indianapolis)	2015	Industrial	671,354	21,485,141
IN	Indianapolis	2014	Industrial	327,822	11,381,906
KS	Edwardsville (Kansas City) (Carlisle Tire)	2003	Industrial	179,280	-0-
KS	Edwardsville (Kansas City) (International Paper)	2014	Industrial	280,000	9,931,292
KS	Olathe (Kansas City)	2016	Industrial	313,763	21,108,249
KS	Topeka	2009	Industrial	40,000	1,119,836
KY	Buckner (Louisville)	2014	Industrial	558,600	16,014,719
KY	Frankfort (Lexington)	2015	Industrial	599,840	17,560,855
KY	Louisville	2016	Industrial	137,500	6,914,142
LA	Covington (New Orleans)	2016	Industrial	175,315	11,814,941
MD	Beltsville (Washington, DC)	2001	Industrial	148,881	-0-
MI	Livonia (Detroit)	2013	Industrial	172,005	6,912,375
MI	Orion	2007	Industrial	245,633	-0-
MI	Romulus (Detroit)	1998	Industrial	71,933	-0-
MI	Walker (Grand Rapids)	2017	Industrial	343,483	20,530,135
MN	Stewartville (Rochester) (1)	2013	Industrial	60,398	2,369,334
MO	Kansas City (Bunzl Distribution Midcentral, Inc.)	2015	Industrial	158,417	6,799,803
MO	Kansas City (Kellogg Sales Co.)	2007	Industrial	65,067	-0-
MO	Liberty (Kansas City)	1998	Industrial	95,898	-0-

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State	City (MSA)	Fiscal Year Acquisition	Type	Square Footage	Mortgage Balance 9/30/2017
MO	O'Fallon (St. Louis)	1994	Industrial	102,135	$-0-
MO	St. Joseph	2001	Industrial	382,880	-0-
MS	Olive Branch (Memphis, TN) (Anda Pharmaceuticals, Inc.)	2012	Industrial	234,660	8,171,480
MS	Olive Branch (Memphis, TN) (Milwaukee Tool)	2013	Industrial	861,889	23,461,936
MS	Richland (Jackson)	1994	Industrial	36,000	-0-
MS	Ridgeland (Jackson)	1993	Industrial	26,340	-0-
NC	Concord (Charlotte)	2016	Industrial	330,717	18,928,835
NC	Concord (Charlotte)	2017	Industrial	354,482	26,184,000
NC	Fayetteville	1997	Industrial	148,000	-0-
NC	Winston-Salem	2002	Industrial	106,507	-0-
NE	Omaha	1999	Industrial	89,115	-0-
NJ	Carlstadt (New York, NY) (2)	2001	Industrial	60,400	1,743,353
NJ	Somerset (3)	1970	Shopping Center	64,220	-0-
NY	Cheektowaga (Buffalo)	2000	Industrial	104,981	-0-
NY	Halfmoon (Albany)	2012	Industrial	75,000	-0-
NY	Hamburg (Buffalo)	2017	Industrial	338,584	22,532,881
NY	Orangeburg (New York)	1993	Industrial	50,400	-0-
OH	Bedford Heights (Cleveland)	2007	Industrial	82,269	-0-
OH	Cincinnati	2015	Industrial	63,840	-0-
OH	Kenton	2017	Industrial	298,472	12,000,000
OH	Lebanon (Cincinnati)	2012	Industrial	51,130	-0-
OH	Monroe (Cincinnati)	2015	Industrial	232,200	7,608,083
OH	Richfield (Cleveland)	2006	Industrial	131,152	2,724,856
OH	Stow	2017	Industrial	219,765	12,700,000
OH	Streetsboro (Cleveland)	2012	Industrial	368,060	9,887,817
OH	West Chester Twp. (Cincinnati)	1999	Industrial	103,818	1,820,753
OK	Oklahoma City (Bunzl Distribution Oklahoma, Inc.)	2017	Industrial	110,361	5,935,346
OK	Oklahoma City (FDX Ground)	2012	Industrial	158,340	3,919,663
OK	Tulsa	2014	Industrial	46,240	1,812,575
PA	Altoona (1)	2014	Industrial	122,522	3,642,839
PA	Imperial (Pittsburgh)	2016	Industrial	125,860	11,963,800
PA	Monaca (Pittsburgh)	1988	Industrial	255,658	-0-
SC	Aiken (Augusta, GA)	2017	Industrial	315,560	15,227,062
SC	Ft. Mill (Charlotte, NC)	2010	Industrial	176,939	1,346,845
SC	Hanahan (Charleston) (SAIC)	2005	Industrial	302,400	-0-
SC	Hanahan (Charleston) (FDX Ground)	2005	Industrial	91,776	773,234
TN	Chattanooga	2007	Industrial	60,637	-0-
TN	Lebanon (Nashville)	2011	Industrial	381,240	7,446,653
TN	Memphis	2010	Industrial	449,900	5,882,668
TN	Shelby County	2007	Land	N/A	-0-
TX	Carrollton (Dallas)	2010	Industrial	184,317	7,233,486
TX	Corpus Christi	2012	Industrial	46,253	-0-
TX	Edinburg	2011	Industrial	164,207	-0-

TX	El Paso	2006	Industrial	144,149	-0-
TX	Ft. Worth (Dallas)	2015	Industrial	304,608	22,116,268
TX	Houston	2010	Industrial	91,295	2,619,835
TX	Lindale (Tyler)	2015	Industrial	163,378	6,016,758
TX	Mesquite (Dallas)	2017	Industrial	351,874	32,623,355
TX	Spring (Houston)	2014	Industrial	181,176	8,537,878
TX	Waco	2012	Industrial	150,710	4,524,045
VA	Charlottesville	1999	Industrial	48,064	-0-
VA	Mechanicsville (Richmond)	2001	Industrial	112,799	-0-
VA	Richmond	2004	Industrial	60,000	-0-
VA	Roanoke (CHEP USA)	2007	Industrial	83,000	-0-
VA	Roanoke (FDX Ground)	2013	Industrial	103,402	4,867,194
WA	Burlington (Seattle/Everett)	2016	Industrial	210,445	18,839,050
WI	Cudahy (Milwaukee)	2001	Industrial	139,564	-0-
WI	Green Bay (1)	2013	Industrial	99,102	2,956,605
				18,790,021	$598,962,567

(1) One loan is secured by the properties located in Green Bay, WI, Stewartville, MN and Altoona, PA.

(2) The Company owns a 51% controlling equity interest.

(3) The Company owns a 67% controlling equity interest.

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The following table sets forth certain information concerning the principal tenants and leases for the Company's properties shown above as of September 30, 2017:

State	City (MSA)	Tenant	Annualized Rent	Lease Expiration	
AL	Huntsville	FedEx Ground Package System, Inc.	$605,000	07/31/26	
AZ	Tolleson (Phoenix)	Western Container Corp. (Coca-Cola)	1,352,000	04/30/27	(1)
CO	Colorado Springs	FedEx Ground Package System, Inc.	644,000	09/30/18	
CO	Colorado Springs	FedEx Ground Package System, Inc.	1,832,000	01/31/26	
CO	Denver	FedEx Ground Package System, Inc.	564,000	07/31/18	
CT	Newington (Hartford)	Kellogg Sales Company	329,000	02/29/20	(1)
FL	Cocoa	FedEx Ground Package System, Inc.	1,112,000	09/30/24	
FL	Davenport (Orlando)	FedEx Ground Package System, Inc.	2,605,000	04/30/31	
FL	Ft. Myers (Vacant)	FedEx Ground Package System, Inc.	325,000	06/30/17	(1)(2)
FL	Ft. Myers	FedEx Ground Package System, Inc.	1,415,000	08/31/27	(3)
FL	Homestead (Miami)	FedEx Ground Package System, Inc.	2,282,000	03/31/32	
FL	Jacksonville	FedEx Corporation	518,000	05/31/19	
FL	Jacksonville	FedEx Ground Package System, Inc.	1,999,000	12/31/29	
FL	Lakeland	FedEx Corporation	155,000	11/30/17	
FL	Orlando	FedEx Corporation	666,000	11/30/27	(1)
FL	Punta Gorda	FedEx Corporation	286,000	06/30/27	(1)
FL	Tampa	FedEx Corporation	603,000	11/30/27	(1)
FL	Tampa	FedEx Ground Package System, Inc.	1,624,000	07/31/26	
FL	Tampa	Tampa Bay Grand Prix	293,000	09/30/20	
GA	Augusta	FedEx Ground Package System, Inc.	453,000	06/30/18	
GA	Augusta	FedEx Corporation	121,000	11/30/22	
GA	Griffin (Atlanta)	Caterpillar Logistics Services, Inc.	1,169,000	12/31/17	(4)
IA	Urbandale (Des Moines) (Vacant)	Keystone Automotive Industries MN, Inc.	94,000	05/31/17	(5)
IL	Burr Ridge (Chicago)	Sherwin-Williams Company	161,000	10/31/21	
IL	Elgin (Chicago)	Joseph T. Ryerson and Son, Inc.	506,000	01/31/20	(1)
IL	Granite City (St. Louis, MO)	Anheuser-Busch, Inc.	810,000	11/30/21	
IL	Montgomery (Chicago)	Home Depot USA, Inc.	988,000	06/30/20	
IL	Rockford	Collins Aerospace Systems (United Technologies)	362,000	06/30/27	(6)
IL	Rockford	Sherwin-Williams Company	479,000	12/31/23	
IL	Sauget (St. Louis, MO)	FedEx Ground Package System, Inc.	1,036,000	05/31/29	
IL	Schaumburg (Chicago)	FedEx Corporation	480,000	03/31/27	(1)
IL	Wheeling (Chicago)	FedEx Ground Package System, Inc.	1,279,000	05/31/27	(1)
IN	Greenwood (Indianapolis)	ULTA, Inc.	2,677,000	07/31/25	
IN	Indianapolis	FedEx Ground Package System, Inc.	1,533,000	04/30/24	
KS	Edwardsville (Kansas City)	Carlisle Tire & Wheel Company	787,000	05/31/18	
KS	Edwardsville (Kansas City)	International Paper Company	1,337,000	08/31/23	
KS	Olathe (Kansas City)	FedEx Ground Package System, Inc.	2,196,000	05/31/31	
KS	Topeka		332,000	09/30/21	

		Heartland Coca-Cola Bottling Co., LLC (Coca-Cola)			
KY	Buckner (Louisville)	TreeHouse Private Brands, Inc.	2,186,000	10/31/33	
KY	Frankfort (Lexington)	Jim Beam Brands Company	2,032,000	01/31/25	
KY	Louisville	Challenger Lifts, Inc. (Snap-on Inc.)	831,000	06/07/26	
LA	Covington (New Orleans)	FedEx Ground Package System, Inc.	1,260,000	06/30/25	
MD	Beltsville (Washington, DC)	FedEx Ground Package System, Inc.	1,426,000	07/31/18	
MI	Livonia (Detroit)	FedEx Ground Package System, Inc.	1,194,000	03/31/22	
MI	Orion	FedEx Ground Package System, Inc.	1,908,000	06/30/23	
MI	Romulus (Detroit)	FedEx Corporation	370,000	05/31/21	
MI	Walker (Grand Rapids)	FedEx Ground Package System, Inc.	2,102,000	01/31/32	
MN	Stewartville (Rochester)	FedEx Ground Package System, Inc.	372,000	05/30/23	
MO	Kansas City	Bunzl Distribution Midcentral, Inc.	747,000	09/30/21	
MO	Kansas City	Kellogg Sales Company	325,000	07/31/18	(2)
MO	Liberty (Kansas City)	Holland 1916 Inc.	345,000	06/30/19	
MO	O’Fallon (St. Louis)	Pittsburgh Glass Works, LLC	427,000	06/30/18	(7)
MO	St. Joseph	Woodstream Corporation	910,000	09/30/21	(1)(8)
MO	St. Joseph	Altec Industries, Inc.	367,000	02/28/23	(1)(8)
MS	Olive Branch (Memphis, TN)	Anda Pharmaceuticals, Inc.	1,200,000	07/31/22	

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State	City (MSA)	Tenant	Annualized Rent	Lease Expiration	
MS	Olive Branch (Memphis, TN)	Milwaukee Electric Tool Corporation	$3,010,000	07/31/28	
MS	Richland (Jackson)	FedEx Corporation	120,000	03/31/24	
MS	Ridgeland (Jackson)	Graybar Electric Company	109,000	07/31/19	(9)
NC	Concord (Charlotte)	FedEx Ground Package System, Inc.	2,234,000	07/31/25	
NC	Concord (Charlotte)	FedEx Ground Package System, Inc.	2,537,000	05/31/32	
NC	Fayetteville	Victory Packaging, L.P.	496,000	02/28/21	
NC	Winston-Salem	Style Crest, Inc.	381,000	03/31/21	
NE	Omaha	FedEx Corporation	446,000	10/31/23	
NJ	Carlstadt (New York, NY)	SOFIVE, Inc.	548,000	01/31/25	(10)
NJ	Somerset	Various Tenants at Retail Shopping Center	792,000	Various	(11)
NY	Cheektowaga (Buffalo)	FedEx Ground Package System, Inc.	966,000	08/31/19	
NY	Halfmoon (Albany)	RGH Enterprises, Inc. (Cardinal Health)	601,000	11/30/21	
NY	Hamburg (Buffalo)	FedEx Ground Package System, Inc.	2,309,000	03/31/31	
NY	Orangeburg (New York)	Kellogg Sales Company	328,000	02/28/18	(2)
OH	Bedford Heights (Cleveland)	FedEx Corporation	408,000	08/31/18	
OH	Cincinnati	The American Bottling Company (Dr Pepper Snapple)	479,000	09/30/29	
OH	Kenton	International Paper Company	1,243,000	08/31/27	
OH	Lebanon (Cincinnati)	Siemens Real Estate	479,000	04/30/19	
OH	Monroe (Cincinnati)	UGN, Inc.	1,060,000	02/28/30	
OH	Richfield (Cleveland)	FedEx Ground Package System, Inc.	1,493,000	09/30/24	
OH	Stow	Mickey Thompson (Cooper Tire)	1,500,000	08/31/27	
OH	Streetsboro (Cleveland)	Best Buy Warehousing Logistics, Inc.	1,660,000	01/31/22	
OH	West Chester Twp. (Cincinnati)	FedEx Ground Package System, Inc.	537,000	08/31/23	
OK	Oklahoma City	Bunzl Distribution Oklahoma, Inc.	721,000	08/31/24	
OK	Oklahoma City	FedEx Ground Package System, Inc.	1,048,000	06/30/25	
OK	Tulsa	The American Bottling Company (Dr Pepper Snapple)	260,000	02/28/24	
PA	Altoona	FedEx Ground Package System, Inc.	651,000	08/31/23	
PA	Imperial (Pittsburgh)	General Electric Company	1,315,000	12/31/25	
PA	Monaca (Pittsburgh)	NF&M International, Inc.	833,000	12/31/24	(8)
PA	Monaca (Pittsburgh)	Datatel Resources Corporation	244,000	11/30/17	(8)
SC	Aiken (Augusta, GA)	Autoneum North America, Inc.	1,700,000	04/30/32	
SC	Ft. Mill (Charlotte, NC)	FedEx Ground Package System, Inc.	1,415,000	10/31/23	
SC	Hanahan (Charleston)	FedEx Ground Package System, Inc.	675,000	07/31/18	
SC	Hanahan (Charleston)	Science Applications International Corporation	1,476,000	04/30/19	
TN	Chattanooga	FedEx Corporation	317,000	10/31/22	(1)
TN	Lebanon (Nashville)	CBOCS Distribution, Inc. (Cracker Barrel)	1,433,000	06/30/24	
TN	Memphis	FedEx Corporation	1,327,000	05/31/19	
TN	Shelby County	N/A- Land	-0-	N/A	
TX	Carrollton (Dallas)	United Technologies Corporation	1,576,000	01/11/19	
TX	Corpus Christi	FedEx Ground Package System, Inc.	469,000	08/31/21	

TX	Edinburg	FedEx Ground Package System, Inc.	1,097,000	09/30/26	(12)
TX	El Paso	FedEx Ground Package System, Inc.	1,345,000	09/30/23	
TX	Ft. Worth (Dallas)	FedEx Ground Package System, Inc.	2,367,000	04/30/30	
TX	Houston	National Oilwell Varco, Inc.	750,000	09/30/22	
TX	Lindale (Tyler)	FedEx Ground Package System, Inc.	725,000	06/30/24	
TX	Mesquite (Dallas)	FedEx Ground Package System, Inc.	3,194,000	03/31/32	
TX	Spring (Houston)	FedEx Ground Package System, Inc.	1,581,000	09/30/24	
TX	Waco	FedEx Ground Package System, Inc.	1,078,000	08/31/25	
VA	Charlottesville	FedEx Corporation	329,000	08/31/27	(1)
VA	Mechanicsville (Richmond)	FedEx Corporation	541,000	04/30/23	
VA	Richmond	Carrier Enterprise, LLC (United Technologies)	320,000	11/30/18	
VA	Roanoke	CHEP USA, Inc.	497,000	02/28/25	(13)
VA	Roanoke	FedEx Ground Package System, Inc.	755,000	04/30/23	
WA	Burlington (Seattle/Everett)	FedEx Ground Package System, Inc.	1,962,000	08/31/30	
WI	Cudahy (Milwaukee)	FedEx Ground Package System, Inc.	832,000	06/30/27	(1)
WI	Green Bay	FedEx Ground Package System, Inc.	468,000	05/30/23	
			$111,048,000		

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(1) Extension has been executed. See fiscal 2017 and fiscal 2018 renewal and extension chart.
(2) Property is under contract to sell.
(3) On September 1, 2017, a parking lot expansion for a property leased to FedEx Ground Package System, Inc. located in Ft. Myers, FL was completed for a cost of approximately $862,000, resulting in a new 10 year lease which extended the prior lease expiration date from September 2026 to August 2027. In addition, the expansion resulted in an increase in annual rent effective from the date of completion of approximately $53,000 from approximately $1,365,000, or $6.39 per square foot to approximately $1,418,000, or $6.64 per square foot.
(4) Entered into a new 3-year lease with Rinnai America Corporation, effective 1/1/2018.
(5) Entered into a new 10.2 year lease with FBM Gypsum Supply of Illinois, LLC, effective 11/1/2017.
(6) Lease has an early termination option which may be exercised after June 2022, on the condition that the Company is provided with six months notice and the tenant pays the Company a $1,102,097 termination fee.
(7) The lease has an early termination option which may be exercised on the condition that the Company is provided with six months notice and the tenant pays the Company a $106,731 termination fee.
(8) Property is leased to two tenants.
(9) Lease has an early termination option which may be exercised if tenant gives six months notice at any time.
(10) Estimated annual rent is the full annual rent per the lease. The Company consolidates the results of this property due to its 51% controlling equity interest.
(11) The Company owns a 67% controlling equity interest. Estimated annual rent reflects the Company's proportionate share of the total rent.
(12) On October 1, 2016, a 50,625 square foot expansion of the building was completed for a cost of approximately $4,762,000, resulting in a new 10 year lease which extended the prior lease expiration date from September 2021 through September 2026 and increased the building size from 113,582 to 164,207 square feet. In addition, the expansion resulted in an increase in annual rent effective from the date of completion of approximately $499,000 from approximately $598,000, or $5.26 per square foot, to approximately $1,097,000, or $6.68 per square foot.
(13) Lease has an early termination option which may be exercised after August 2021, on the condition that the Company is provided with six months notice and the tenant pays the Company a $500,000 termination fee.

All improved properties were 100% occupied at September 30, 2017 except for one property consisting of a 36,270 square foot building located in Urbandale (Des Moines), IA and one property consisting of an 87,500 square foot building located in Ft. Myers, FL. Subsequent to fiscal yearend, on November 1, 2017, the Company leased its previously vacant 36,270 square foot facility located in Urbandale (Des Moines), IA for 10.2 years which increased our current occupancy rate to 99.5%. In addition, the Company is under contract to sell its only currently vacant building located in Ft. Myers, FL, for $6,400,000. We anticipate closing the sale of this building during fiscal 2018, subject to customary closing conditions and requirements.

The Company's weighted-average lease expiration was 7.9 and 7.4 years as of September 30, 2017 and 2016, respectively.

Our average occupancy rates as of the years ended September 30, 2017, 2016, 2015, 2014 and 2013 were 99.3%, 99.6%, 97.7%, 95.9% and 96.0%, respectively. The average effective annualized rent per square foot for the years ended September 30, 2017, 2016, 2015, 2014 and 2013 was $5.93, $5.72, $5.48, $5.51 and $5.53, respectively.

Completed expansions that have resulted in increased rents over the fiscal years ended September 30, 2016 and 2017

Ecommerce has been a major catalyst driving increased demand for the industrial property type. The shift from traditional brick and mortar retail shopping to shopping on-line has resulted in record occupancy rates for industrial real estate throughout the U.S. Due to the increased demand for industrial space, we have been experiencing an increase in expansion activity at our existing properties.

On July 29, 2016, a 246,434 square foot expansion of a building leased to Milwaukee Electric Tool Corporation (Milwaukee Tool) located in Olive Branch, MS, which is located in the Memphis, TN MSA, was completed for a cost of approximately $9,785,000. This resulted in a new 12 year lease which extended the original lease expiration date from April 2023 to July 2028 and increased the building size from 615,455 to 861,889 square feet. In addition, the expansion resulted in an initial increase in annual rent effective on the date of completion of approximately $847,000 from approximately $1,943,000, or $3.16 per square foot, to approximately $2,790,000, or $3.24 per square foot. Furthermore, annual rent will increase each year by 1.5% resulting in an annualized rent over the new 12 year period of approximately $3,020,000, or $3.50 per square foot. In September 2016, in connection with the expansion, the Company refinanced its prior 3.76% interest rate mortgage with its existing lender of this property. At the time of the refinancing, the prior amortizing loan was approximately $13,158,000 and was set to mature in January 2023. The new loan is a 12 year fully-amortizing mortgage of $25,000,000 and will mature in October 2028. The interest rate of the new loan remained the same as the prior loan at a fixed interest rate of 3.76%.

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On August 1, 2016, a parking lot expansion for a property leased to FedEx Ground Package System, Inc. located in Tampa, FL was completed for a cost of approximately $1,303,000, resulting in a new 10 year lease which extended the prior lease expiration date from June 2024 to July 2026. In addition, the expansion resulted in an increase in annual rent effective from the date of completion of approximately $131,000 from approximately $1,493,000, or $8.74 per square foot to approximately $1,624,000, or $9.51 per square foot.

On August 1, 2016, a 14,941 square foot expansion of a building leased to FedEx Ground Package System, Inc. located in Huntsville, AL was completed for a cost of approximately $1,948,000, resulting in a new 10 year lease which extended the prior lease expiration date from August 2022 to July 2026. In addition, the expansion resulted in an increase in annual rent effective from the date of completion of approximately $193,000 from approximately $412,000, or $5.59 per square foot, to approximately $605,000 or $6.82 per square foot.

On October 1, 2016, a 50,625 square foot expansion of the building leased to FedEx Ground Package System, Inc. located in Edinburg, TX was completed for a cost of approximately $4,762,000, resulting in a new 10 year lease which extended the prior lease expiration date from September 2021 to September 2026. In addition, the expansion resulted in an increase in annual rent effective from the date of completion of approximately $499,000 from approximately $598,000, or $5.26 per square foot, to approximately $1,097,000, or $6.68 per square foot.

On September 1, 2017, a parking lot expansion for a property leased to FedEx Ground Package System, Inc. located in Ft. Myers, FL was completed for a cost of approximately $862,000, resulting in a new 10 year lease which extended the prior lease expiration date from September 2026 to August 2027. In addition, the expansion resulted in an increase in annual rent effective from the date of completion of approximately $53,000 from approximately $1,365,000, or $6.39 per square foot to approximately $1,418,000, or $6.64 per square foot.

Fiscal 2017 Renewals

In fiscal 2017, approximately 10% of our gross leasable area, representing 13 leases totaling 1,539,526 square feet, was set to expire. The Company has renewed 12 of these 13 leases that were set to expire in fiscal 2017. One of the 12 leases (which is with FedEx Ground Package System, Inc. for a property located in Ft. Myers, FL), renewed for only eight months because the tenant moved its operations from our 87,500 square foot facility to our newly constructed facility, which is also located in Ft. Myers, FL. On December 30, 2016, we purchased this newly constructed 213,672 square foot industrial building which is leased for 10 years through September 2026. On September 1, 2017, a parking lot expansion for this property was completed, resulting in a new 10 year lease which extended the prior lease expiration date from September 2026 to August 2027. The original 87,500 square foot Ft. Myers, FL facility is under contract to sell for approximately $6,400,000, which is approximately $2,400,000 above the Company’s U.S. GAAP net book carrying value, and is anticipated to close during fiscal 2018, subject to customary closing conditions and requirements.

Excluding the eight-month lease renewal at the original Ft. Myers, FL location, the 11 leases that have renewed during fiscal 2017 represent 1,415,756 square feet, or 92% of the expiring square footage, and have a weighted average lease term of 6.8 years. We have incurred or we expect to incur tenant improvement costs of approximately $3,251,000 and leasing commission costs of approximately $1,383,000 in connection with these 11 lease renewals. The table below summarizes the lease terms of the 11 leases which were renewed. In addition, the table below includes both the tenant improvement costs and the leasing commission costs, which are presented on a per square foot (PSF) basis averaged over the renewal term.

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Property	Tenant	Square Feet	Former U.S. GAAP Straight-Line Rent PSF	Former Cash Rent PSF	Former Lease Expiration	Renewal U.S GAAP Straight-Line Rent PSF	Renewal Initial Cash Rent PSF	Renewal Lease Expiration	Renewal Term (years)	Tenant Improvement Cost PSF over Renewal Term (1)	Leasing Commission Cost PSF over Renewal Term (1)
Ft. Myers, FL (3)	FedEx Ground	87,500	$4.95	$4.95	10/31/16	$4.95	$4.95	6/30/17	0.7	$-0-	$-0-
Griffin, GA	Caterpillar	218,120	$5.36	$5.36	11/30/16	$5.36	$5.36	11/30/17	1.0	$-0-	$0.11
Elgin, IL	Joseph T. Ryerson	89,052	5.68	5.68	1/31/17	5.68	5.68	1/31/20	3.0	0.17	0.17
Newington, CT	Kellogg Sales Co.	54,812	6.00	6.00	2/28/17	6.00	6.00	2/29/20	3.0	0.30	0.24
Schaumburg, IL	FedEx Express	73,500	6.88	7.00	3/31/17	6.50	6.50	3/31/27	10.0	0.24	0.13
Tolleson, AZ	Western Container	283,358	4.33	4.59	4/30/17	4.78	4.33	4/30/27	10.0	0.58	0.14
Wheeling, IL	FedEx Ground	123,000	11.26	11.26	5/31/17	10.34	10.34	5/31/27	10.0	0.41	0.21
Punta Gorda, FL	FedEx Express	34,624	8.78	8.78	6/30/17	8.21	8.21	6/30/27	10.0	0.08	0.16
Cudahy, WI	FedEx Ground	139,564	6.45	6.45	6/30/17	5.92	5.92	6/30/27	10.0	0.36	0.12
Charlottesville, VA	FedEx Express	48,064	6.85	6.85	8/31/17	6.85	6.85	8/31/27	10.0	0.29	0.14
Tampa, FL	FedEx Express	95,662	5.91	6.30	9/30/17	6.30	6.30	11/30/27	10.2	0.15	0.12
St. Joseph, MO	Woodstream Corp.	256,000	3.50	3.50	9/30/17	3.57	3.50	9/30/21	4.0	0.01	0.11
	Total (2)	1,415,756									
Weighted Average (2)			$5.73	$5.82		$5.70	$5.59		6.8	$0.34	$0.14

(1) Amount calculated based on the total cost divided by the square feet, divided by the renewal term.

(2) Total and Weighted Average amounts exclude the Ft. Myers, FL property.

(3) Renewed for only eight months because the tenant moved its operations from our 87,500 square foot facility to our newly constructed 213,672 square foot facility, which is also located in Ft. Myers, FL. The original 87,500 square foot location is under contract to sell for approximately $6,400,000, which is approximately $2,400,000 above the Company's U.S. GAAP net book carrying value.

Excluding the eight-month lease renewal at the original Ft. Myers, FL location, representing 6% of the space coming up for renewal in fiscal 2017, the remaining 11 lease renewals resulted in a weighted average term of 6.8 years and a U.S. GAAP straight-line weighted average lease rate of $5.70 per square foot. The renewed weighted average initial cash rent per square foot is $5.59. This compares to the former weighted average rent of $5.73 per square foot on a U.S. GAAP straight-line basis and the former weighted average cash rent of $5.82 per square foot, representing a decrease in the weighted average lease rate of 0.5% on a U.S. GAAP straight-line basis and a decrease in the weighted average lease rate of 4.0% on a cash basis.

Regarding the remaining lease that expired during fiscal 2017, we were informed by the tenant that they would not be renewing its lease. This tenant leased our 36,270 square feet facility in Urbandale (Des Moines), IA through May 31, 2017. This facility represents 2% of the space that was up for renewal in fiscal 2017. In July 2017, we entered into a 10.2 year lease agreement with FBM Gypsum Supply of Illinois, LLC through December 31, 2027 for this 36,270 square foot building located in Urbandale (Des Moines), IA. The new lease commenced on November 1, 2017, with two months of free rent, after which initial annual rent of $159,588, representing $4.40 per square foot, will commence, with 2.0% annual increases thereafter, resulting in a straight-line annualized rent of approximately $172,000, representing $4.74 per square foot over the life of the lease. This compares to the former average straight-lined rent of $3.56 per square foot on a U.S. GAAP straight-line basis and the former cash rent of $3.88 per square foot, representing an increase in the average lease rate of 33.1% on a U.S. GAAP straight-line basis and an increase in the lease rate of 13.4% on a cash basis. The tenant will have a one-time early termination option that may be exercised on December 31, 2025, provided that the tenant gives us six months notice and pays a termination fee equal to three months of rent, plus operating and other costs.

Fiscal 2018 Renewals

In fiscal 2018, approximately 8% of our gross leasable area, representing 16 leases totaling 1,546,637 square feet, is set to expire. As of the date of this Annual Report, 3 of the 16 leases have renewed. The three leases that have renewed thus far represent 298,155 square feet, or 19% of the expiring square footage, and have a weighted average lease term of 6.9 years.

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We have incurred or we expect to incur tenant improvement costs of approximately $265,000 and leasing commission costs of approximately $249,000 in connection with these three lease renewals. The table below summarizes the lease terms of the three leases which were renewed. In addition, the table below includes both the tenant improvement costs and the leasing commission costs, which are presented on a per square foot (PSF) basis averaged over the renewal term.

Property	Tenant	Square Feet	Former U.S. GAAP Straight-Line Rent PSF	Former Cash Rent PSF	Former Lease Expiration	Renewal U.S GAAP Straight-Line Rent PSF	Renewal Initial Cash Rent PSF	Renewal Lease Expiration	Renewal Term (years)	Tenant Improvement Cost PSF over Renewal Term (1)	Leasing Commission Cost PSF over Renewal Term (1)
Chattanooga, TN	FedEx Express	60,637	$ 5.13	$ 5.13	10/31/17	$ 5.26	$ 5.26	10/31/22	5.0	$ 0.43	$ 0.11
Orlando, FL	FedEx Express	110,638	5.69	6.02	11/30/17	6.02	6.02	11/30/27	10.0	0.12	0.12
St. Joseph, MO	Altec Industries	126,880	2.75	2.75	2/28/18	2.94	2.87	2/28/23	5.0	0.01	0.13
	Total	298,155									
Weighted Average			$ 4.32	$ 4.45		$ 4.55	$ 4.52		6.9	$ 0.13	$ 0.12

(1) Amount calculated based on the total cost divided by the square feet, divided by the renewal term.

These three lease renewals result in a weighted average term of 6.9 years and a U.S. GAAP straight-line weighted average lease rate of $4.55 per square foot. The renewed weighted average initial cash rent per square foot is $4.52. This compares to the former weighted average rent of $4.32 per square foot on a U.S. GAAP straight-line basis and the former weighted average cash rent of $4.45 per square foot, representing an increase in the weighted average lease rate of 5.3% on a U.S. GAAP straight-line basis and an increase in the weighted average lease rate of 1.6% on a cash basis.

Two of the remaining leases set to expire during fiscal 2018 are leased to Kellogg Sales Company (Kellogg) at our 65,067 square foot facility located in Kansas City, MO through July 31, 2018 and at our 50,400 square foot facility located in Orangeburg, NY through February 28, 2018. Kellogg has informed us that they will not be renewing their leases at these two properties. We have entered into separate agreements to sell these two properties and anticipate the sales will close during fiscal 2018, subject to customary closing conditions and requirements. We have entered into an agreement to sell the Kansas City, MO property for approximately $4,900,000, which is approximately $1,200,000 above the Company's U.S. GAAP net book carrying value and we have entered into an agreement to sell the Orangeburg, NY property for approximately $6,170,000, which is approximately $4,700,000 above the Company's U.S. GAAP net book carrying value. In conjunction with the sale of these two properties, we expect to enter into a lease termination agreement for each property whereby the Company will receive a termination fee from Kellogg in an amount equal to a percentage (95% for the Orangeburg, NY property and 75% for the Kansas City, MO property) of the then remaining rent due under each lease for the period from the closing date for the respective sale transactions (which will be the dates of the respective lease terminations) to the end of the respective lease terms.

Another remaining lease set to expire during fiscal 2018 is leased to Caterpillar Logistics Services, Inc. (Caterpillar) at our 218,120 square foot facility located in Griffin, GA through December 31, 2017. In September 2017, we entered into a three year lease agreement with Rinnai America Corporation through December 31, 2020 for this location. The new lease will commence on January 1, 2018, with initial annual rent of $807,044, representing $3.70 per square foot, with 3.0% annual increases thereafter, resulting in a straight-line annualized rent of $831,000, representing $3.81 per square foot over the life of the lease. This compares to the former U.S. GAAP straight-line and the former cash rent of $5.36 per square foot, representing a decrease in the average lease rate of 28.9% on a U.S. GAAP straight-line basis and a decrease in the lease rate of 31.0% on a cash basis.

One of our tenants that leases 80,856 square feet at our 255,658 square foot building located in Monaca (Pittsburg), PA has informed us that they will not be renewing their lease, which is set to expire on November 30, 2017.

The remaining nine leases that are still set to expire during fiscal 2018 are currently under discussion.

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On September 30, 2017, the Company had a weighted average lease maturity of 7.9 years with weighted average gross annualized rent scheduled to expire each year of 7.5%.

The following table presents certain information as of September 30, 2017, with respect to the Company's leases expiring over the future fiscal years ended September 30th:

Expiration of Fiscal Year Ended September 30th	Property Count	Total Area Expiring (square feet)	Annualized Rent	Percent of Gross Annualized Rent	
Vacant (1)	2	123,770	$419,000	0	%
Shopping Center (2)	1	64,220	792,000	1	%
2018	13	1,248,482	7,605,000	7	%
2019	9	1,370,849	7,116,000	6	%
2020	4	383,449	2,116,000	2	%
2021	7	827,110	3,705,000	3	%
2022	7	1,138,320	6,376,000	6	%
2023	12	1,489,524	8,719,000	8	%
2024	12	1,853,948	11,318,000	10	%
2025	9	2,404,478	12,207,000	11	%
2026	6	912,361	7,304,000	7	%
2027	10	1,472,852	9,078,000	8	%
2028	3	1,068,189	4,279,000	4	%
2029	2	262,613	1,515,000	1	%
2030	4	1,044,832	7,388,000	7	%
2031	3	963,269	7,110,000	6	%
2032	5	1,603,155	11,815,000	11	%
2033	1	558,600	2,186,000	2	%
Total (3)	108	18,790,021	$111,048,000	100	%

(1) "Vacant" represents two properties. One property represents a 36,270 square foot building located in Urbandale (Des Moines), IA for which the Company entered into a 10.2 year lease agreement which commenced on November 1, 2017, and generates approximately $172,000 in annualized rent. The other property represents an 87,500 square foot building in Ft. Myers, FL that is under contract to sell for approximately $6,400,000, which is approximately $2,400,000 above the Company's U.S. GAAP net book carrying value. Annualized Rent of "Vacant" represents rent recognized during fiscal 2017 prior to becoming vacant.

(2) "Shopping Center" represents a multi-tenanted property which has lease expirations ranging from month-to-month to 2029.

(3) Included in 2018 is Datatel Resources and included in 2025 is NF&M International, which both occupy one property and therefore are counted as one property in the property count total. Included in 2021 is Woodstream Corporation and included in 2023 is Altec Industries, Inc., which both occupy one property and therefore are counted as one property in the property count total.

ITEM 3 – LEGAL PROCEEDINGS

None.

ITEM 4 – MINE SAFETY DISCLOSURES

None.

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PART II

ITEM 5 - MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information

Since June 1, 2010, the common stock of Monmouth Real Estate Investment Corporation, $0.01 par value per share (common stock), has been traded on the New York Stock Exchange (NYSE), under the symbol "MNR". Previously, the common stock was traded on the NASDAQ Global Select Market. The per share range of high and low market prices and distributions paid to common shareholders during each fiscal quarter of the last two fiscal years ended September 30th were as follows:

	Fiscal 2017 Market Price				Fiscal 2016 Market Price		
Fiscal Qtr.	High	Low	Distrib.	Fiscal Qtr.	High	Low	Distrib.
First	$15.36	$12.89	$ 0.16	First	$10.72	$9.50	$ 0.16
Second	15.35	13.68	0.16	Second	12.03	9.63	0.16
Third	15.34	13.95	0.16	Third	13.26	11.22	0.16
Fourth	16.56	14.44	0.16	Fourth	14.92	13.15	0.16
			$ 0.64				$ 0.64

On November 15, 2017, the closing price of our common stock was $17.07 per share.

Shareholder Information

As of November 15, 2017, 1,317 shareholders of record held shares of our common stock.

Distributions and Dividends

On October 2, 2017, the Company's Board of Directors approved a 6.25% increase in the Company's quarterly common stock dividend, raising it to $0.17 per share from $0.16 per share. On October 2, 2017, the Company's Board of Directors approved a cash dividend of $0.17 per share, to be paid on December 15, 2017, to shareholders of record at the close of business on November 15, 2017. This represents an annualized dividend rate of $0.68 per share. The Company has maintained or increased its cash dividend for 26 consecutive years. The Company paid the distributions from cash flows from operations. The Company's common stock dividend policy is dependent upon the Company's earnings, capital requirements, financial condition, availability and cost of bank financing and other factors considered relevant by the Board of Directors. It is the Company's intention to continue making comparable quarterly distributions in the future and to grow its distributions over time.

Recent Sales of Unregistered Securities

None.

Purchases of Equity Securities

On January 17, 2017, the Board of Directors reaffirmed its Share Repurchase Program (Repurchase Program) that authorizes the Company to purchase up to $10,000,000 in the aggregate of the Company's common stock. The Repurchase Program was originally created on March 3, 2009 and is intended to be implemented through purchases made from time to time using a variety of methods, which may include open market purchases, privately negotiated transactions or block trades, or by any combination of such methods, in accordance with applicable insider trading and other securities laws and regulations. The size, scope and timing of any purchases will be based on business, market and other conditions and factors, including price, regulatory and contractual requirements or consents, and capital availability. The Repurchase Program does not require the Company to acquire any particular amount of common stock, and the program may be suspended, modified or discontinued at any time at the Company's discretion without prior notice. During the fiscal year ended September 30, 2017, the Company did not reacquire any of its shares of common stock. The maximum dollar value that may be purchased under the Repurchase Program as of September 30, 2017 is $10,000,000.

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Equity Compensation Plan Information

On March 13, 2017, upon recommendation of the Compensation Committee of the Company’s Board of Directors, the Board approved the Amended and Restated 2007 Incentive Award Plan (the Plan), conditioned upon shareholder approval. At the Company’s Annual Meeting held on May 18, 2017, the Company’s common shareholders approved the Plan. The Plan constitutes an amendment and restatement of the 2007 Plan, extends the term of the 2007 Plan for an additional 10 years, adds 1,600,000 shares of common stock to the share reserve, expands the types of awards available for grant under the Plan and makes other improvements to the 2007 Plan. As of September 30, 2017, there were 1,753,042 shares available for grant as stock options, restricted stock and other equity-based awards under the Plan. During fiscal 2017, options to purchase 280,000 shares were granted with a weighted average exercise price of $14.43 and options to purchase 65,000 shares were exercised at an exercise price of $7.22 per share for total proceeds of $469,300. In addition, during fiscal 2017, 11,000 shares of restricted common stock were granted with a fair value on the grant date of $15.92 per share. In addition, during fiscal 2017, 836 unrestricted shares of common stock were granted with a fair value on the grant date of $15.92 per share. See Note 9 in the Notes to the Consolidated Financial Statements included in this Form 10-K for a description of the plan. See Item 12 – Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters for a table of beneficial ownership of the Company’s common stock.

The following table summarizes information, as of September 30, 2017, relating to the equity compensation plan of the Company (including individual compensation arrangements) pursuant to which equity securities of the Company are authorized for issuance:

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (a)	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights (b)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plan (excluding Securities reflected in column (a)) (c)
Equity Compensation Plan Approved by Security Holders	670,000	$ 11.75	1,753,042
Equity Compensation Plan not Approved by Security Holders	-	-	-
Total	670,000	$ 11.75	1,753,042

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Comparative Stock Performance

The following line graph compares the total return of the Company's common stock for the last five fiscal years to the FTSE NAREIT Composite Index (US), published by the National Association of Real Estate Investment Trusts (NAREIT), and the S&P 500 Index for the same period. The graph assumes a $100 investment in our common stock and in each of the indexes listed below on September 30, 2012 and the reinvestment of all dividends. The total return reflects stock price appreciation and dividend reinvestment for all three comparative indices. The information has been obtained from sources believed to be reliable, but neither its accuracy nor its completeness is guaranteed. Our stock performance shown in the graph below is not indicative of future stock performance.

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ITEM 6 – SELECTED FINANCIAL DATA

The following table sets forth selected financial and other information on the Company for the periods and as of the dates indicated. This table should be read in conjunction with management's discussion and analysis of financial condition and results of operations and all of the financial statements and notes thereto included elsewhere herein.

	September 30, 2017	2016	2015	2014	2013
OPERATING DATA:					
Rental and Reimbursement Revenue	$113,545,982	$94,916,110	$77,775,497	$64,672,341	$54,607,086
Real Estate Taxes and Operating Expenses	(17,315,233)	(14,729,300)	(12,490,019)	(11,317,479)	(9,228,610)
Net Operating Income - NOI	96,230,749	80,186,810	65,285,478	53,354,862	45,378,476
Lease Termination Income	-0-	-0-	238,625	1,182,890	690,730
Gain on Sale of Securities Transactions, net	2,311,714	4,398,599	805,513	2,166,766	7,133,252
Dividend and Interest Income	6,930,564	5,616,392	3,723,867	3,882,597	3,885,920
General and Administrative Expenses	(7,809,546)	(7,936,124)	(6,305,928)	(5,709,937)	(4,982,945)
Acquisition Costs	(178,526)	(730,441)	(1,546,088)	(481,880)	(514,699)
Interest Expense (1)	(25,754,121)	(22,953,049)	(19,844,166)	(16,830,423)	(15,604,066)
Depreciation & Amortization Expense	(31,459,749)	(26,087,680)	(21,772,728)	(17,719,581)	(14,882,982)
Income from Continuing Operations	40,271,085	32,494,507	20,584,573	19,845,294	21,103,686
Gain on Sale of Real Estate Investment	-0-	-0-	5,021,242	-0-	-0-
Income from Discontinued Operations	-0-	-0-	-0-	-0-	291,560
Net Income	40,271,085	32,494,507	25,605,815	19,845,294	21,395,246
Preferred Dividends	(14,861,686)	(9,020,470)	(8,607,032)	(8,607,032)	(8,607,032)
Redemption of Preferred Stock	(2,467,165)	(2,942,149)	-0-	-0-	-0-
Net Income Attributable to Common Shareholders	$22,942,234	$20,531,888	$16,998,783	$11,238,262	$12,788,214
Net Income Per Share Basic	$0.56	$0.50	$0.43	$0.40	$0.49
Diluted	0.56	0.50	0.43	0.40	0.49
Net Income Attributable to Common Shareholders Per Share					
Basic	0.32	0.31	0.29	0.23	0.30
Diluted	0.32	0.31	0.29	0.23	0.30

(1) Amortization expense related to Financing Costs are included in "Interest Expense".

BALANCE SHEET DATA:					
Total Assets	$1,443,037,755	$1,223,485,885	$910,905,721	$739,843,222	$613,801,975
Real Estate Investments, Net	1,266,390,733	1,013,103,314	806,465,906	627,068,988	526,776,988
	591,364,371	477,476,010	368,904,953	283,882,528	246,654,491

Fixed Rate Mortgage Notes Payable, net					
Loans Payable	120,091,417	80,790,684	85,041,386	25,200,000	22,200,000
Preferred Stock Called for Redemption	-0-	53,493,750	-0-	-0-	-0-
7.625% Series A Cumulative Redeemable Preferred Stock	-0-	-0-	53,493,750	53,493,750	53,493,750
7.875% Series B Cumulative Redeemable Preferred Stock	-0-	57,500,000	57,500,000	57,500,000	57,500,000
6.125% Series C Cumulative Redeemable Preferred Stock	245,986,125	135,000,000	-0-	-0-	-0-
Total Shareholders' Equity	712,865,696	597,858,098	446,010,640	420,631,082	335,914,971
CASH FLOW DATA:					
Net Cash Provided (Used) By:					
Operating Activities	$73,867,866	$54,699,500	$38,062,285	$34,856,285	$27,463,529
Investing Activities	(339,071,013)	(227,845,089)	(194,469,735)	(131,809,697)	(60,373,084)
Financing Activities	179,679,685	256,821,188	148,006,698	105,023,561	20,663,209

	September 30,				
OTHER INFORMATION:	2017	2016	2015	2014	2013
Average Number of Common Shares Outstanding					
Basic	72,114,078	65,468,564	59,085,888	49,829,924	42,275,555
Diluted	72,249,691	65,558,284	59,201,296	49,925,036	42,432,354
Funds From Operations*	$54,442,611	$46,598,043	$33,730,447	$29,000,443	$27,338,245
Core Funds From Operations*	$57,088,302	$50,270,633	$35,276,535	$29,482,323	$27,852,944
Adjusted Funds From Operations*	$54,880,438	$45,865,343	$33,976,958	$25,843,710	$19,521,972
Cash Dividends per Common Share	$0.64	$0.64	$0.60	$0.60	$0.60

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* We assess and measure our overall operating results based upon an industry performance measure referred to as Funds From Operations (FFO), which management believes is a useful indicator of our operating performance. FFO is used by industry analysts and investors as a supplemental operating performance measure of a REIT. FFO, as defined by the National Association of Real Estate Investment Trusts (NAREIT), represents Net Income Attributable to Common Shareholders, as defined by accounting principles generally accepted in the United States of America (U.S. GAAP), excluding extraordinary items, as defined under U.S. GAAP, gains or losses from sales of previously depreciated real estate assets, impairment charges related to depreciable real estate assets, plus certain non-cash items such as real estate asset depreciation and amortization. NAREIT created FFO as a non-U.S. GAAP supplemental measure of REIT operating performance. We define Core Funds From Operations (Core FFO) as FFO, excluding acquisition costs and costs associated with the Redemption of Preferred Stock. We define Adjusted Funds from Operations (AFFO) as Core FFO, excluding stock based compensation expense, depreciation of corporate office tenant improvements, amortization of deferred financing costs, lease termination income, net gain or loss on sale of securities transactions, effect of non-cash U.S. GAAP straight-line rent adjustments, non-recurring other expenses and less recurring capital expenditures. We define recurring capital expenditures as all capital expenditures, excluding capital expenditures related to expansions at our current locations or capital expenditures that are incurred in conjunction with obtaining a new lease or a lease renewal. We believe that, as widely recognized measures of performance used by other REITs, FFO, Core FFO and AFFO may be considered by investors as supplemental measures to compare our operating performance to those of other REITs. FFO, Core FFO and AFFO exclude historical cost depreciation as an expense and may facilitate the comparison of REITs which have a different cost basis. However, other REITs may use different methodologies to calculate FFO, Core FFO and AFFO and, accordingly, our FFO, Core FFO and AFFO may not be comparable to all other REITs. The items excluded from FFO, Core FFO and AFFO are significant components in understanding the Company's financial performance.

FFO, Core FFO and AFFO (i) do not represent Cash Flow from Operations as defined by U.S. GAAP; (ii) should not be considered as an alternative to Net Income or Net Income Attributable to Common Shareholders as a measure of operating performance or to Cash Flows from Operating, Investing and Financing Activities; and (iii) are not an alternative to Cash Flows from Operating, Investing and Financing Activities as a measure of liquidity. FFO, Core FFO and AFFO, as calculated by the Company, may not be comparable to similarly titled measures reported by other REITs.

The following is a reconciliation of the Company's U.S. GAAP Net Income to the Company's FFO, Core FFO and AFFO for the fiscal years ended September 30th :

	2017	2016	2015	2014	2013
Net Income Attributable to Common Shareholders	$22,942,234	$20,531,888	$16,998,783	$11,238,262	$12,788,214
Plus: Depreciation Expense (including Discontinued Operations & excluding Corporate Office)	29,478,322	23,931,530	19,625,748	15,908,769	12,877,385
Plus: Amortization of Intangible Assets	1,071,719	1,178,744	1,370,654	1,347,936	1,543,298
Plus: Amortization of Capitalized Lease Costs	855,000	955,881	756,504	505,476	475,142

(Gain) Loss on Sale of Real Estate Investment	95,336	-0-	(5,021,242)	-0-	(345,794)
FFO Attributable to Common Shareholders	54,442,611	46,598,043	33,730,447	29,000,443	27,338,245
Plus: Acquisition Costs	178,526	730,441	1,546,088	481,880	514,699
Plus: Redemption of Preferred Stock	2,467,165	2,942,149	-0-	-0-	-0-
Core FFO Attributable to Common Shareholders	57,088,302	50,270,633	35,276,535	29,482,323	27,852,944
Plus: Stock Compensation Expense	624,706	926,465	448,895	347,002	329,148
Plus: Depreciation of Corporate Office Capitalized Costs	156,676	123,492	79,572	-0-	-0-
Plus: Amortization of Financing Costs	1,234,259	1,116,238	1,286,016	725,745	647,112
Plus: Non-recurring Other Expense (1)	-0-	500,000	-0-	-0-	-0-
Less: Lease Termination Income	-0-	-0-	(238,625)	(1,182,890)	(690,730)
Less: Gain on Sale of Securities Transactions, net	(2,311,714)	(4,398,599)	(805,513)	(2,166,766)	(7,133,252)
Less: Effect of non-cash U.S. GAAP Straight-line Rent Adjustment	(1,027,927)	(1,709,821)	(1,446,264)	(600,745)	(943,785)
Less: Recurring Capital Expenditures	(883,864)	(963,065)	(623,658)	(760,959)	(539,465)
AFFO Attributable to Common Shareholders	$54,880,438	$45,865,343	$33,976,958	$25,843,710	$19,521,972

(1) Consists of one-time payroll expenditures.

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ITEM 7 - MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

Cautionary Statement Regarding Forward-Looking Statements

Statements contained in this Form 10-K that are not historical facts are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (Securities Act), and Section 21E of the Securities Exchange Act of 1934, as amended (Exchange Act). Forward-looking statements provide the Company's current expectations or forecasts of future events. Forward-looking statements include statements about the Company's expectations, beliefs, intentions, plans, objectives, goals, strategies, future events, performance and underlying assumptions and other statements that are not historical facts. Forward-looking statements can be identified by their use of forward-looking words, such as "may," "will," "anticipate," "expect," "believe," "intend," "plan," "should," "seek" or co terms, 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 the Company's beliefs, assumptions and expectations of its future performance, taking into account all information currently available to the Company. 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 the Company. Some of these factors are described below and under the headings "Business", "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations". These and other risks, uncertainties and factors could cause the Company's actual results to differ materially from those included in any forward-looking statements the Company makes. 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 the Company to predict those events or how they may affect the Company. Except as required by law, the Company is not obligated to, and does 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 the Company's expectations include, among others:

- the ability of the Company's tenants to make payments under their respective leases;
- the Company's reliance on certain major tenants;
- the Company's ability to re-lease properties that are currently vacant or that become vacant;
- the Company's ability to obtain suitable tenants for its properties;
- changes in real estate market conditions, economic conditions in the industrial sector and the market in which the Company's 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;
- the Company's ability to acquire, finance and sell properties on attractive terms;
- the Company's ability to repay debt financing obligations;
- the Company's ability to refinance amounts outstanding under its mortgages and credit facilities at maturity on terms favorable to us, or at all;

the loss of any member of the Company’s management team;
the Company’s ability to comply with debt covenants;
the Company’s ability to integrate acquired properties and operations into existing operations;
continued availability of proceeds from issuances of the Company’s debt or equity securities;
the availability of other debt and equity financing alternatives;
market conditions affecting the Company’s investment in marketable securities of other REIT’s;

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- changes in interest rates under the Company's current credit facility and under any additional variable rate debt arrangements that the Company may enter into in the future;
- the Company's ability to successfully implement the Company's selective acquisition strategy;
- the Company's 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 the Company's investment securities; and
- the Company's 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. The Company undertakes no obligation to update or revise any forward-looking statements as a result of new information, future events or otherwise.

The following discussion should be read in conjunction with the financial statements and notes thereto included elsewhere herein.

Overview

Monmouth Real Estate Investment Corporation, founded in 1968, is one of the oldest public equity REITs in the U.S. The Company is a self-administered and self-managed REIT that seeks to invest in well-located, modern, single tenant, industrial buildings, leased primarily to investment-grade tenants or their subsidiaries on long-term net leases. At September 30, 2017, the Company held investments in 108 properties totaling approximately 18,790,000 square feet. Total real estate investments were $1,439,121,006 at September 30, 2017. These properties are located in 30 states: Alabama, Arizona, Colorado, Connecticut, Florida, Georgia, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maryland, Michigan, Minnesota, Mississippi, Missouri, Nebraska, New Jersey, New York, North Carolina, Ohio, Oklahoma, Pennsylvania, South Carolina, Tennessee, Texas, Virginia, Washington and Wisconsin. All of these properties are wholly-owned, with the exception of an industrial property in New Jersey, in which the Company owns a 51% controlling equity interest, and a shopping center in New Jersey, in which the Company owns a 67% controlling equity interest.

The Company's weighted-average lease expiration was 7.9 and 7.4 years as of September 30, 2017 and 2016, respectively, and its average annualized rent per occupied square foot as of September 30, 2017 and 2016 was $5.93 and $5.72, respectively. At September 30, 2017 and 2016, the Company's occupancy was 99.3% and 99.6%, respectively.

Subsequent to fiscal yearend, on November 1, 2017, the Company leased its previously vacant 36,270 square foot facility located in Urbandale (Des Moines), IA for 10.2 years which increased our current occupancy rate to 99.5%. The Company is under contract to sell its only currently vacant building located in Ft. Myers, FL, for $6,400,000, which is approximately $2,400,000 above the Company's U.S. GAAP net book carrying value. We anticipate closing the sale of this building during fiscal 2018, subject to customary closing conditions and requirements.

The Company has a concentration of properties leased to FedEx Corporation (FDX). As of September 30, 2017, the Company had approximately 18,790,000 square feet of property, of which approximately 9,391,000 square feet, or 50%, consisting of 58 separate stand-alone leases, were leased to FDX and its subsidiaries (7% to FDX and 43% to FDX subsidiaries). These properties are located in 24 different states. The percentage of rental and reimbursement revenue from FDX and its subsidiaries was 60% for the year ended September 30, 2017, consisting of 7% leased to FDX and 53% leased to FDX subsidiaries. No other tenant accounted for 5% or more of the Company's total Rental and Reimbursement revenue for fiscal 2017.

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In addition to real estate property holdings, the Company held $123,764,770 in marketable REIT securities at September 30, 2017, representing 7.7% of the Company's undepreciated assets (which is the Company's 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. The securities portfolio provides the Company with additional diversification, liquidity, and income, and serves as a proxy for real estate when more favorable risk adjusted returns are not available.

The Company's revenue primarily consists of rental and reimbursement revenue from the ownership of industrial rental property. Rental and Reimbursement Revenue increased $18,629,872, or 20%, for the year ended September 30, 2017 as compared to the year ended September 30, 2016. Total expenses (excluding other income and expense) increased $7,279,509, or 15%, for the year ended September 30, 2017 as compared to the year ended September 30, 2016. The increases were due mainly to the revenue and expenses relating to the property acquisitions made during fiscal 2016 and 2017.

The Company's Net Income Attributable to Common Shareholders increased $2,410,346, or 12%, for the fiscal year ended September 30, 2017 as compared to the fiscal year ended September 30, 2016 and increased $3,533,105, or 21%, for the fiscal year ended September 30, 2016 as compared to the fiscal year ended September 30, 2015. The increases were due to the purchase of additional properties in fiscal 2017 and 2016.

The Company evaluates its financial performance using Net Operating Income (NOI) from property operations, which is a non-GAAP financial measure that the Company defines as Net Income Attributable to Common Shareholders plus Redemption of Preferred Stock, Preferred Dividends, General and Administrative Expenses, Acquisitions Costs, Depreciation, Amortization of Capitalized Lease Costs and Intangible Assets, Interest Expense, including Amortization of Financing Costs, less Dividend and Interest Income, Gain on Sale of Securities Transactions, Lease Termination Income and Gain on Sale of Real Estate Investment. The components of NOI are recurring Rental and Reimbursement Revenue, less Real Estate Taxes and Operating Expenses, such as insurance, utilities and repairs and maintenance. Other REITs may use different methodologies to calculate NOI and, accordingly, our NOI may not be comparable to all other REITs. NOI increased $16,043,939, or 20%, for the fiscal year ended September 30, 2017 as compared to the fiscal year ended September 30, 2016 and increased $14,901,332, or 23%, for the fiscal year ended September 30, 2016 as compared to the fiscal year ended September 30, 2015. The increase from fiscal year 2016 to 2017 was due to the additional income related to ten industrial properties purchased during fiscal 2017 and the purchase of eight industrial properties during fiscal 2016. The increase from fiscal year 2015 to 2016 was due to the additional income related to eight industrial properties purchased during fiscal 2016 and to ten industrial properties purchased during fiscal 2015.

The following is a reconciliation of the Company's Net Income Attributable to Common Shareholders to the Company's NOI for the fiscal years ended September 30, 2017, 2016 and 2015:

	2017	2016	2015
Net Income Attributable to Common Shareholders	$22,942,234	$20,531,888	$16,998,783
Plus: Redemption of Preferred Stock	2,467,165	2,942,149	-0-
Plus: Preferred Dividends	14,861,686	9,020,470	8,607,032
Plus: General and Administrative Expenses	7,809,546	7,936,124	6,305,928
Plus: Acquisition Costs	178,526	730,441	1,546,088
Plus: Depreciation	29,634,998	24,055,022	19,705,320
Plus: Amortization of Capitalized Lease Costs and Intangible Assets	1,824,751	2,032,658	2,067,408
Plus: Interest Expense, including Amortization of Financing Costs	25,754,121	22,953,049	19,844,166
Less: Dividend and Interest Income	(6,930,564)	(5,616,392)	(3,723,867)
Less: Gain on Sale of Securities Transactions, net	(2,311,714)	(4,398,599)	(805,513)
Less: Lease Termination Income	-0-	-0-	(238,625)
Less: Gain on Sale of Real Estate Investment	-0-	-0-	(5,021,242)
Net Operating Income – NOI	$96,230,749	$80,186,810	$65,285,478

The components of the Company's NOI for the fiscal years ended September 30, 2017, 2016 and 2015 are calculated as follows:

	2017	2016	2015
Rental Revenue	$97,659,778	$81,592,429	$67,059,385
Reimbursement Revenue	15,886,204	13,323,681	10,716,112
Total Rental and Reimbursement Revenue	113,545,982	94,916,110	77,775,497
Real Estate Taxes	(12,427,311)	(10,455,401)	(8,362,135)
Operating Expense	(4,887,922)	(4,273,899)	(4,127,884)
NOI	$96,230,749	$80,186,810	$65,285,478

For the fiscal years ended September 30, 2017, 2016 and 2015, gross revenue, which includes Rental Revenue, Reimbursement Revenue and Dividend and Interest Income totaled $120,476,546, $100,532,502 and $81,499,364, respectively.

Subsequent to fiscal yearend, on November 2, 2017, the Company purchased a newly constructed 121,683 square foot industrial building, situated on 16.2 acres, located in Charleston, SC. The building is 100% net-leased to FDX for 15 years through August 2032. The purchase price was $21,872,170. The Company obtained a 15 year fully-amortizing mortgage loan of $14,200,000 at a fixed interest rate of 4.23%. Annual rental revenue over the remaining term of the lease averages approximately $1,312,000.

The industrial properties purchased, leased and expanded during fiscal 2018 to date increased our current total leasable square feet to approximately 18,912,000 and increased our occupancy rate to 99.5%.

In addition to the property purchased subsequent to the fiscal yearend, as described above, the Company has entered into agreements to purchase three new build-to-suit, industrial buildings that are currently being developed in Florida, Georgia and Oklahoma, consisting of approximately 1,531,000 square feet, with net-leased terms of 10 years each. The purchase price for these properties is approximately $117,437,000. Approximately 1,132,000 square feet, or 74%, is leased to an investment grade tenant or its subsidiary. Subject to satisfactory due diligence and other customary closing conditions and requirements, we anticipate closing these transactions during fiscal 2018. In connection with the three properties, the Company has entered into commitments to obtain three mortgages totaling $72,400,000 at fixed rates ranging from 3.53% to 4.25%, with a weighted average interest rate of 3.75% and with a weighted average maturity of 13.2 years. The Company may make additional acquisitions in fiscal 2018 and fiscal 2019, and the funds for these acquisitions may come from funds generated from operations, mortgages, draws on our unsecured line of credit facility, cash on hand, sale of marketable securities, other bank borrowings, proceeds from the DRIP, proceeds from the Preferred Stock ATM Program, and proceeds from private placements and public offerings of additional common or preferred stock or other securities. To the extent that funds or appropriate properties are not available, fewer acquisitions will be made.

During the fiscal years ended September 30, 2017, 2016 and 2015, the Company completed a total of nine property expansions, consisting of six building expansions and three parking lot expansions. Two of the parking lot expansions included the purchase of additional land. The six building expansions resulted in approximately 461,000 additional square feet. Total costs for all nine property expansions were approximately $33,092,000 and resulted in total increased annual rent of approximately $3,226,000. Eight completed expansions resulted in new ten year lease extensions for the expanded properties and one completed expansion resulted in a new twelve year lease extension. The weighted average lease extension for these nine property expansions is 10.6 years.

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Revenues also include Dividend and Interest Income and Gain on Sale of Securities Transactions, net. The Company holds a portfolio of marketable securities of other REITs with a fair value of $123,764,770 as of September 30, 2017, representing 7.7% of the Company's undepreciated assets (which is the Company's total assets excluding accumulated depreciation). The Company generally limits its marketable securities investments to no more than approximately 10% of its undepreciated assets. The Company invests in REIT securities and, from time to time, may use margin debt when an adequate yield spread can be obtained. As of September 30, 2017 and 2016, there was $10,091,417 and $-0- outstanding on the margin loan, respectively. The REIT securities portfolio provides the Company with additional diversification, liquidity, and income, and serves as a proxy for real estate when more favorable risk adjusted returns are not available. As of September 30, 2017, the Company's portfolio consisted primarily of 90% REIT common stocks and 10% REIT preferred stocks, all of which are listed on a national securities exchange. The Company's weighted-average yield on the securities portfolio for fiscal 2017 was approximately 7.7%. Dividend and Interest income for fiscal 2017 was $6,930,564 compared to $5,616,392 for fiscal 2016. During fiscal 2017, the Company realized $2,311,714 in gains on sale of securities transactions. The Company has unrealized gains of $6,570,565 in its REIT securities portfolio as of September 30, 2017. The dividends received from our securities investments continue to meet our expectations. The Company intends to hold these securities for investment on a long-term basis.

The Company had $10,226,046 in Cash and Cash Equivalents and $123,764,770 in REIT securities as of September 30, 2017. The Company believes that funds generated from operations, mortgages, draws on our unsecured line of credit facility, cash on hand, sale of marketable securities, other bank borrowings, proceeds from the DRIP, proceeds from the Preferred Stock ATM Program, and proceeds from private placements and public offerings of additional common or preferred stock or other securities, will provide sufficient funds to adequately meet its obligations over the next several years.

The Company has a DRIP, in which participants can purchase stock from the Company at a price of approximately 95% of market value. Amounts received in connection with the DRIP (including dividend reinvestments of $10,125,894, $8,369,146 and $8,489,169 for fiscal years ended 2017, 2016 and 2015, respectively) were $91,931,831, $72,175,797 and $48,404,556 for fiscal years ended 2017, 2016 and 2015, respectively.

On June 29, 2017, the Company entered into the Preferred Stock ATM Program with FBR Capital Markets & Co. in which the Company may, from time to time, offer and sell additional shares of its 6.125% Series C Preferred Stock, with a liquidation preference of $25.00 per share, having an aggregate sales price of up to $100,000,000. The Company began selling shares through the Preferred Stock ATM Program on July 3, 2017. As of September 30, 2017, the Company sold 1,439,445 shares under its Preferred Stock ATM Program at a weighted average price of $25.31 per share, and generated net proceeds, after offering expenses, of approximately $35,730,000.

Subsequent to fiscal yearend to date, the Company sold 820,290 shares under its Preferred Stock ATM Program at a weighted average price of $25.14 per share, and generated net proceeds, after offering expenses, of approximately $20,296,000.

Industrial space demand is very closely correlated to Gross Domestic Product (GDP) growth. Despite eight years of unprecedented monetary stimulus, real annual GDP growth has averaged less than 2.0% over this period. However, there has been significant demand for industrial space and national occupancy rates have continued to increase. The most significant demand driver for modern industrial real estate continues to be ecommerce. Every year, since the turn of the century, the percentage of goods purchased on-line has increased at a 15% annual growth rate. Today, approximately 10% of retail sales have migrated from traditional store sales to on-line sales and this growth in market share is expected to continue. These favorable trends for the industrial real estate sector are expected to be a leading demand driver for the foreseeable future, as consumers continue to embrace the added efficiencies of on-line consumption. New home construction and sales of existing homes has also continued to strengthen. Housing demand typically translates into greater demand for warehouse space. Additionally, automotive sales remain at historic highs and low energy costs have resulted in increased domestic manufacturing. These catalysts have also contributed to rising rental rates in most major industrial markets. The strong financial position of our tenants, together with the long duration of our leases, should enable the Company to continue to perform well despite the slow growth macro-economic environment.

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The Company intends to continue to increase its real estate investments in fiscal 2018 and 2019 through acquisitions and expansions of properties. The growth of the real estate portfolio depends on the availability of suitable properties which meet the Company’s investment criteria and appropriate financing. Competition in the market areas in which the Company operates is significant and affects acquisitions, occupancy levels, rental rates and operating expenses of certain properties.

See PART I, Item 1 – Business and Item 1A – Risk Factors for a more complete discussion of the economic and industry-wide factors relevant to the Company and the opportunities and challenges, and risks on which the Company is focused.

Significant Accounting Policies and Estimates

The discussion and analysis of the Company’s financial condition and results of operation are based upon the Company’s consolidated financial statements, which have been prepared in accordance with U.S. GAAP. The preparation of these consolidated financial statements requires management to make estimates and judgments that affect the reported amounts of assets and liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities at the date of the Company’s consolidated financial statements. Actual results may differ from these estimates under different assumptions or conditions.

Significant accounting policies are defined as those that involve significant judgment and potentially could result in materially different results under different assumptions and conditions. Management believes the following significant accounting policies are affected by our more significant judgments and estimates used in the preparation of the Company’s consolidated financial statements. For a detailed description of these and other accounting policies, see Note 1 in the Notes to the Company’s Consolidated Financial Statements included in this Form 10-K.

Real Estate Investments

The Company applies Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 360-10, Property, Plant & Equipment (ASC 360-10) to measure impairment in real estate investments. Rental properties are individually evaluated for impairment when conditions exist which may indicate that it is probable that the sum of expected future cash flows (on an undiscounted basis without interest) from a rental property is less than its historical net cost basis. These expected future cash flows consider factors such as future operating income, trends and prospects as well as the effects of leasing demand, competition and other factors. Upon determination that an other than temporary impairment has occurred, rental properties are reduced to their fair value. For properties to be disposed of, an impairment loss is recognized when the fair value of the property, less the estimated cost to sell, is less than the carrying amount of the property measured at the time there is a commitment to sell the property and/or it is actively being marketed for sale. A property to be disposed of is reported at the lower of its carrying amount or its estimated fair value, less its cost to sell. Subsequent to the date that a property is held for disposition, depreciation expense is not recorded.

Upon acquisition of a property, the Company allocates the purchase price of the property based upon the fair value of the assets acquired, which generally consist of land, buildings and intangible assets, including above and below market leases and in-place leases. The Company allocates the purchase price to the fair value of the tangible assets of an acquired property generally determined by third party appraisal of the property obtained in conjunction with the purchase.

The purchase price is further allocated to acquired above and below market leases based on the present value of the difference between prevailing market rates and the in-place lease rates over the remaining term. In addition, any remaining amounts of the purchase price are applied to in-place lease values based on management’s evaluation of the specific characteristics of each tenant’s lease. In-place leases that may have a customer relationship intangible value, including (but not limited to) the nature and extent of the existing relationship with the tenant, the tenant’s credit quality and expectations of lease renewals are also considered. Acquired above and below market leases are amortized to rental revenue over the remaining non-cancelable terms of the respective leases. The value of in-place lease intangibles is amortized to amortization expense over the remaining lease term. If a tenant terminates its lease early, the unamortized portion of the tenant improvements, leasing commissions, deferred rent, and the in-place lease value is charged to expense providing the following: (i) there is a signed termination agreement, (ii) all of the conditions of the termination agreement are met, (iii) the tenant is no longer occupying the property and (iv) the termination consideration, if any, is probable of collection.

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In January 2017, the FASB issued Accounting Standards Update (ASU) 2017-01, "Business Combinations (Topic 805): Clarifying the Definition of a Business" (ASU 2017-01). ASU 2017-01 provides revised guidance to determine when an acquisition meets the definition of a business or should be accounted for as an asset acquisition, likely resulting in more acquisitions being accounted for as asset acquisitions as opposed to business combinations. Transaction costs are capitalized for asset acquisitions while they are expensed as incurred for business combinations. ASU 2017-01 requires that, when substantially all of the fair value of an acquisition is concentrated in a single identifiable asset or a group of similar identifiable assets, the asset or group of similar identifiable assets does not meet the definition of a business. ASU 2017-01 also revises the definition of a business to include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create an output. ASU 2017-01 will be effective, on a prospective basis, for annual and interim reporting periods beginning after December 15, 2017, with early adoption permitted. The Company adopted ASU 2017-01 as of April 1, 2017, as permitted under the standard. As a result of the implementation of this update, the Company's property acquisitions, which under previous guidance were accounted for as business combinations, are now accounted for as acquisitions of assets. In an acquisition of assets, certain acquisition costs are capitalized as opposed to expensed under accounting for business combinations. For the period April 1, 2017 through September 30, 2017, the Company acquired eight properties, for each of which, it was concluded that substantially all of the fair value of the assets acquired with each property acquisition was concentrated in a single identifiable asset and did not meet the definition of a business combination under ASU 2017-01. Therefore, acquisition transaction costs, such as broker fees, transfer taxes, legal, accounting, valuation, and other professional and consulting fees associated with these property acquisitions were capitalized to real estate investments as part of the purchase price and transaction costs incurred related to acquisitions completed prior to April 1, 2017 were expensed as incurred.

The Company conducted a comprehensive review of all real estate asset classes in accordance with ASC 360-10, which indicates that asset values should be analyzed whenever events or changes in circumstances indicate that the carrying value of a property may not be fully recoverable.

The following are examples of such events or changes in circumstances that would indicate to management that there may be an impairment of a property:

A non-renewal of a lease and subsequent move out by the tenant;

A renewal of a lease at a significantly lower rent than a previous lease;

A significant decrease in the market value of a property;

A significant adverse change in the extent or manner in which a property is being used or in its physical condition;

A significant adverse change in legal factors or in the business climate that could affect the value of a property, including an adverse action or assessment by a regulator;

An accumulation of costs significantly in excess of the amount originally expected for the acquisition or construction of a property;

A current-period operating or cash flow loss combined with a history of operating or cash flow losses or a projection or forecast that demonstrates continuing losses associated with the use of a property; or

A current expectation that, more likely than not, a property will be sold or otherwise disposed of significantly before the end of its previously estimated useful life.

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The process entails the analysis of property for instances where the net book value exceeds the estimated fair value. In accordance with ASC 360-10, an impairment loss shall be recognized if the carrying amount of a long-lived asset is not recoverable and exceeds its fair value. The Company utilizes the experience and knowledge of its internal valuation team to derive certain assumptions used to determine an operating property's cash flow. Such assumptions include re-leasing and renewal probabilities upon future lease expirations, vacancy factors, rental growth rates, and capital expenditures.

As part of our review of our property portfolio, we evaluated the two industrial properties that were vacant at September 30, 2017 and evaluated that the sum of the discounted cash flows expected for a potential lease of this property exceeded its historical net cost basis. Management considers on a quarterly basis whether the marketed rent (advertised) or the market rent has decreased or if any additional indicators are present which would indicate a significant decrease in net cash flows. Management may obtain an independent appraisal to assist in evaluating a potential impairment for a property that if it has been vacant for several years. We have also considered the properties which had lease renewals at rental rates lower than the previous rental rates and noted that the sum of the new discounted cash flows expected for the renewed leases exceeded these properties' historical net cost basis.

Subsequent to fiscal yearend, on November 1, 2017, the Company leased its previously vacant 36,270 square foot facility located in Urbandale (Des Moines), IA for 10.2 years which increased our current occupancy rate to 99.5%. In addition, the Company is under contract to sell its only currently vacant building located in Ft. Myers, FL, for $6,400,000, which is approximately $2,400,000 above the Company's U.S. GAAP net book carrying value, and anticipates closing this sale during fiscal 2018, subject to customary conditions and requirements.

The Company reviewed its operating properties in light of the requirements of ASC 360-10 and determined that, as of September 30, 2017, the undiscounted cash flows over the holding period for these properties were in excess of their carrying values and, therefore, no impairment charges were required.

Securities Available for Sale

Investments in non-real estate assets consist primarily of marketable securities, which the Company generally limits to no more than approximately 10% of its undepreciated assets (which is the Company's total assets excluding accumulated depreciation). Management individually reviews and evaluates our marketable securities for impairment on a quarterly basis, or when events or circumstances occur. Management considers, among other things, credit aspects of the issuer, amount of decline in fair value over cost and length of time in a continuous loss position. If a decline in fair value is determined to be other than temporary, a non-cash impairment charge is recognized in earnings and the cost basis of the individual security is written down to fair value as the new cost basis.

The Company classifies its securities among three categories: held-to-maturity, trading, and available-for-sale. The Company's securities at September 30, 2017 and 2016 are all classified as available-for-sale and are carried at fair value based on quoted market prices. Gains or losses on the sale of securities are calculated based on the average cost method and are accounted for on a trade date basis. Unrealized holding gains and losses are excluded from earnings and reported as a separate component of Shareholders' Equity until realized. The change in net unrealized holding gains (losses) is reflected as comprehensive income (loss).

Revenue Recognition and Estimates

Rental revenue from tenants with leases having scheduled rental increases are recognized on a straight-line basis over the term of the lease. Tenant recoveries related to the reimbursement of real estate taxes, insurance, repairs and maintenance, and other operating expenses are recognized as revenue in the period the expenses are incurred. The reimbursements are recognized and presented gross, as the Company is generally the primary obligor and, with respect to purchasing goods and services from third-party suppliers, has discretion in selecting the supplier and bears the associated credit risk. These occupancy charges are recognized as earned. In addition, an estimate is made with respect to whether a provision for allowance for doubtful tenant and other receivables is necessary. The allowance for doubtful accounts reflects management's estimate of the amounts of the recorded tenant and other receivables at the balance sheet date that will not be realized from cash receipts in subsequent periods. If cash receipts in subsequent periods vary from our estimates, or if the Company's tenants' financial condition deteriorates as a result of operating difficulties, additional changes to the allowance may be required. The Company did not have an allowance for doubtful accounts as of September 30, 2017 or 2016.

Lease Termination Income

Lease Termination Income is recognized in operating revenues providing the following: (i) there is a signed termination agreement, (ii) all of the conditions of the termination agreement are met, (iii) the tenant is no longer occupying the property and (iv) the termination consideration, if any, is probable of collection. Lease termination amounts are paid by tenants who want to terminate their lease obligations before the end of the contractual term of the lease by agreement with the Company.

During the fiscal year ended September 30, 2015, the Company entered into a lease termination agreement with its tenant, Norton McNaughton of Squire, Inc. (Norton), whereby the Company received a lease termination fee of $238,625 in December 2014, terminating the lease effective January 31, 2015. Prior to the lease termination, Norton leased the Company's 302,400 square foot building located in its Hanahan (Charleston), SC location through April 29, 2015 at an annualized rent of approximately $1,389,000, or $4.54 per square foot. Additionally, prior to the lease termination, Norton sub-leased the Company's space to Science Applications International Corporation (SAIC). In conjunction with the lease termination, the Company simultaneously entered into a lease agreement for four years and three months with SAIC from February 1, 2015 through April 30, 2019 at an initial annualized rent of approximately $1,406,000, or $4.65 per square foot, with 2% increases each year.

Of the Company's 108 properties, only five leases contain an early termination provision. The Company's leases with early termination provisions are the 26,340 square foot location in Ridgeland (Jackson), MS, the 38,833 square foot location in Rockford, IL, the recently executed lease for the 36,270 square feet location in Urbandale (Des Moines), IA, the 83,000 square foot location in Roanoke, VA and the 102,135 square foot location in O'Fallon (St. Louis), MO. Each lease termination provision contains certain requirements that must be met in order to exercise each termination provision. These requirements include: date termination can be exercised, the time frame that notice must be given by the tenant to the Company and the termination fee that would be required to be paid by the tenant to the Company. The total potential termination fee to be paid to the Company from the five leases with termination provisions amounts to approximately $1,756,000.

Results of Operations

Occupancy and Rent per Occupied Square Foot

The Company's weighted-average lease expiration was 7.9 and 7.4 years as of September 30, 2017 and 2016, respectively, and its average annualized rent per occupied square foot as of September 30, 2017 and 2016 was $5.93 and $5.72, respectively. At September 30, 2017 and 2016, the Company's occupancy was 99.3% and 99.6%, respectively.

All improved properties were 100% occupied at September 30, 2017 except for one property consisting of a 36,270 square foot building located in Urbandale (Des Moines), IA and one property consisting of an 87,500 square foot building located in Ft. Myers, FL. Subsequent to fiscal yearend, on November 1, 2017, the Company leased its previously vacant 36,270 square foot facility located in Urbandale (Des Moines), IA for 10.2 years which increased our current occupancy rate to 99.5%. In addition, the Company is under contract to sell its only currently vacant building located in Ft. Myers, FL, for $6,400,000, which is approximately $2,400,000 above the Company's U.S. GAAP net book carrying value.

Fiscal 2017 Renewals

In fiscal 2017, approximately 10% of our gross leasable area, representing 13 leases totaling 1,539,526 square feet, was set to expire. The Company has renewed 12 of these 13 leases that were set to expire in fiscal 2017. One of the 12 leases (which is with FedEx Ground Package System, Inc. for a property located in Ft. Myers, FL), renewed for only eight months because the tenant moved its operations from our 87,500 square foot facility to our newly constructed facility, which is also located in Ft. Myers, FL. On December 30, 2016, we purchased this newly constructed 213,672 square foot industrial building which is leased for 10 years through September 2026. On September 1, 2017, a parking lot expansion for this property was completed resulting in a new 10 year lease which extended the prior lease expiration date from September 2026 to August 2027. The original 87,500 square foot Ft. Myers, FL facility is under contract to sell for approximately $6,400,000, which is approximately $2,400,000 above the Company's U.S. GAAP net book carrying value, and is anticipated to close during fiscal 2018, subject to customary closing conditions and requirements.

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Excluding the eight-month lease renewal at the original Ft. Myers, FL location, the 11 leases that have renewed during fiscal 2017 represent 1,415,756 square feet, or 92% of the expiring square footage, and have a weighted average lease term of 6.8 years. We have incurred or we expect to incur tenant improvement costs of approximately $3,251,000 and leasing commission costs of approximately $1,383,000 in connection with these 11 lease renewals. The table below summarizes the lease terms of the 11 leases which were renewed. In addition, the table below includes both the tenant improvement costs and the leasing commission costs, which are presented on a per square foot (PSF) basis averaged over the renewal term.

Property	Tenant	Square Feet	Former U.S. GAAP Straight-Line Rent PSF	Former Cash Rent PSF	Former Lease Expiration	Renewal U.S GAAP Straight-Line Rent PSF	Renewal Initial Cash Rent PSF	Renewal Lease Expiration	Renewal Term (years)	Tenant Improvement Cost PSF over Renewal Term (1)	Leasing Commissions Cost PSF over Renewal Term (1)
Ft. Myers, FL (3)	FedEx Ground	87,500	$4.95	$4.95	10/31/16	$4.95	$4.95	6/30/17	0.7	$-0-	$-0-
Griffin, GA	Caterpillar	218,120	$5.36	$5.36	11/30/16	$5.36	$5.36	11/30/17	1.0	$-0-	$0.11
Elgin, IL	Joseph T. Ryerson	89,052	5.68	5.68	1/31/17	5.68	5.68	1/31/20	3.0	0.17	0.17
Newington, CT	Kellogg Sales Co.	54,812	6.00	6.00	2/28/17	6.00	6.00	2/29/20	3.0	0.30	0.24
Schaumburg, IL	FedEx Express	73,500	6.88	7.00	3/31/17	6.50	6.50	3/31/27	10.0	0.24	0.13
Tolleson, AZ	Western Container	283,358	4.33	4.59	4/30/17	4.78	4.33	4/30/27	10.0	0.58	0.14
Wheeling, IL	FedEx Ground	123,000	11.26	11.26	5/31/17	10.34	10.34	5/31/27	10.0	0.41	0.21
Punta Gorda, FL	FedEx Express	34,624	8.78	8.78	6/30/17	8.21	8.21	6/30/27	10.0	0.08	0.16
Cudahy, WI	FedEx Ground	139,564	6.45	6.45	6/30/17	5.92	5.92	6/30/27	10.0	0.36	0.12
Charlottesville, VA	FedEx Express	48,064	6.85	6.85	8/31/17	6.85	6.85	8/31/27	10.0	0.29	0.14
Tampa, FL	FedEx Express	95,662	5.91	6.30	9/30/17	6.30	6.30	11/30/27	10.2	0.15	0.12
St. Joseph, MO	Woodstream Corp.	256,000	3.50	3.50	9/30/17	3.57	3.50	9/30/21	4.0	0.01	0.11
	Total (2)	1,415,756									
Weighted Average (2)			$5.73	$5.82		$5.70	$5.59		6.8	$0.34	$0.14

(1) Amount calculated based on the total cost divided by the square feet, divided by the renewal term.
(2) Total and Weighted Average amounts exclude the Ft. Myers, FL property.
(3) Renewed for only eight months because the tenant moved its operations from our 87,500 square foot facility to our newly constructed 213,672 square foot facility, which is also located in Ft. Myers, FL. The original 87,500 square foot location is under contract to sell for approximately $6,400,000, which is approximately $2,400,000 above the Company's U.S. GAAP net book carrying value.

Excluding the eight-month lease renewal at the original Ft. Myers, FL location, representing 6% of the space coming up for renewal in fiscal 2017, the remaining 11 lease renewals resulted in a weighted average term of 6.8 years and a U.S. GAAP straight-line weighted average lease rate of $5.70 per square foot. The renewed weighted average initial cash rent per square foot is $5.59. This compares to the former weighted average rent of $5.73 per square foot on a U.S. GAAP straight-line basis and the former weighted average cash rent of $5.82 per square foot, representing a decrease in the weighted average lease rate of 0.5% on a U.S. GAAP straight-line basis and a decrease in the weighted average lease rate of 4.0% on a cash basis.

Regarding the remaining lease that expired during fiscal 2017, we were informed by the tenant that they would not be renewing its lease. This tenant leased our 36,270 square feet facility in Urbandale (Des Moines), IA through May 31, 2017. This facility represents 2% of the space that was up for renewal in fiscal 2017. In July 2017, we entered into a 10.2 year lease agreement with FBM Gypsum Supply of Illinois, LLC through December 31, 2027 for this 36,270 square foot building located in Urbandale (Des Moines), IA. The new lease commenced on November 1, 2017, with two months of free rent, after which initial annual rent of $159,588, representing $4.40 per square foot, will commence, with 2.0% annual increases thereafter, resulting in a straight-line annualized rent of approximately $172,000, representing $4.74 per square foot over the life of the lease. This compares to the former average straight-lined rent of $3.56 per square foot on a U.S. GAAP straight-line basis and the former cash rent of $3.88 per square foot, representing an increase in the average lease rate of 33.1% on a U.S. GAAP straight-line basis and an increase in the lease rate of 13.4% on a cash basis. The tenant will have a one-time early termination option that may be exercised on December 31, 2025, provided that the tenant gives us six months notice and pays a termination fee equal to three months of rent, plus operating and other costs.

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Fiscal 2018 Renewals

In fiscal 2018, approximately 8% of our gross leasable area, representing 16 leases totaling 1,546,637 square feet, is set to expire. As of the date of this Annual Report, 3 of the 16 leases have renewed. The three leases that have renewed thus far represent 298,155 square feet, or 19% of the expiring square footage, and have a weighted average lease term of 6.9 years.

We have incurred or we expect to incur tenant improvement costs of approximately $265,000 and leasing commission costs of approximately $249,000 in connection with these three lease renewals. The table below summarizes the lease terms of the three leases which were renewed. In addition, the table below includes both the tenant improvement costs and the leasing commission costs, which are presented on a per square foot (PSF) basis averaged over the renewal term.

Property	Tenant	Square Feet	Former U.S. GAAP Straight-Line Rent PSF	Former Cash Rent PSF	Former Lease Expiration	Renewal U.S GAAP Straight-Line Rent PSF	Renewal Initial Cash Rent PSF	Renewal Lease Expiration	Renewal Term (years)	Tenant Improvement Cost PSF over Renewal Term (1)	Leasing Commission Cost PSF over Renewal Term (1)