MONMOUTH REAL ESTATE INVESTMENT CORP
Form 10-K
December 09, 2015

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, 2015
[ ] 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 (I.R.S. Employer

incorporation or organization) 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

7.625% Series A Cumulative Redeemable Preferred Stock, $0.01 par value per share, $25 liquidation value per share – New York Stock Exchange
7.875% Series B 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. ___Yes _X_ 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 Web site, 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 (Section 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	Accelerated filer _X_
Non-accelerated filer	Smaller reporting company

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, 2015 was approximately $621,571,000 (based on the $11.11 closing price per share of common stock on March 31, 2015).

There were 63,084,752 shares of Common Stock outstanding as of December 1, 2015.

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 industrial buildings, leased primarily to investment-grade tenants 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.

At September 30, 2015, the Company held investments in ninety-one properties totaling approximately 13,919,000 square feet with an occupancy rate of 97.7% (See Item 2 for a detailed description of the properties). These properties are located in twenty-eight states: Alabama, Arizona, Colorado, Connecticut, Florida, Georgia, Illinois, Indiana, Iowa, Kansas, Kentucky, Maryland, Michigan, Minnesota, Mississippi, Missouri, Nebraska, New Jersey, New York, North Carolina, Ohio, Oklahoma, Pennsylvania, South Carolina, Tennessee, Texas, Virginia, 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, Pennsylvania and the shopping center located in Somerset, New Jersey.

During fiscal 2015, the Company purchased ten industrial properties totaling approximately 2,729,000 square feet with net-leased terms ranging from seven to fifteen years resulting in a weighted average lease maturity of 11.9 years. Approximately 964,000 square feet, or 35%, is leased to FedEx Ground Package System, Inc., a subsidiary of FedEx Corporation (FDX). The purchase price for the ten properties was approximately $191,985,000 and they are located in Florida, Illinois, Indiana, Kentucky, Missouri, Ohio and Texas. These ten properties generate annualized rental income over the life of their leases of approximately $13,368,000. The funds for these ten acquisitions were provided by eight property level mortgage loans totaling approximately $122,173,000, draws on an unsecured line of credit and cash on hand. The eight mortgages have a weighted average fixed rate of 4.14% with a weighted average maturity of 13.7 years.

On September 18, 2015, the Company sold its 160,000 square foot industrial building located in Monroe, NC for $9,000,000, with net sale proceeds to the Company of approximately $8,847,000. The property was sold to Charlotte Pipe and Foundry Company, the tenant that was leasing the property from the Company through July 31, 2017 at an annual rental rate of approximately $571,000. The Company purchased this property in 2001 and it had a historic cost basis of approximately $5,557,000 and a net book value (net of accumulated depreciation) of approximately $3,825,000. Under Accounting Principles Generally Accepted in the United States of America ("U.S. GAAP"), the sale resulted in a realized gain of approximately $5,021,000, representing a 131% gain over the depreciated U.S. GAAP basis and a realized gain on a historic cost of approximately $3,290,000, representing a 59% gain over the Company's historic cost basis.

In the first quarter of fiscal 2016 to date, the Company purchased two industrial properties totaling approximately 506,000 square feet with net-leased terms of ten years each. Both properties are leased to FedEx Ground Package System, Inc. The purchase price for the two properties was approximately $50,386,000 and they are located in Louisiana and North Carolina. These two properties generate annualized rental income over the life of their respective leases of approximately $3,336,000. In addition, these two industrial properties purchased during fiscal 2016 to date, increased our current total leasable square feet to approximately 14,425,000 and our occupancy rate to 97.8%. The funds for these acquisitions were provided by two property level mortgage loans totaling $33,670,000, draws on an unsecured line of credit and cash on hand. The two mortgages are at fixed rates ranging from 3.87% to 4.08% and have a weighted average interest rate of 3.95%. Each of these mortgages is a fifteen year, self-amortizing loan.

In addition to the two properties purchased during the first quarter of fiscal 2016 to date, we have entered into agreements to purchase seven new build-to-suit, industrial buildings that are currently being developed in Florida, Kansas, Kentucky, Michigan, New York and Washington totaling approximately 1,869,000 square feet with net-leased terms ranging from ten to fifteen years resulting in a weighted average lease maturity of 14.1 years. Approximately 1,732,000 square feet, or 93%, is leased to FedEx Ground Package System, Inc. The purchase price for the seven properties is approximately $198,804,000. Subject to satisfactory due diligence, we anticipate closing these seven transactions during fiscal 2016 and fiscal 2017. In connection with four of the seven properties, the Company has entered into commitments to obtain four mortgages totaling approximately $92,116,000 at fixed rates ranging from 3.55% to 3.95%, with a weighted average interest rate of 3.81%. Each of these mortgages is a fifteen year, self-amortizing loan. The Company may make additional acquisitions in fiscal 2016 and fiscal 2017 and the funds for these acquisitions may come from mortgages, draws on our unsecured line of credit, cash on hand, sale of marketable securities, other bank borrowings, proceeds from the Dividend Reinvestment and Stock Purchase Plan (DRIP), 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 2015, 2014 and 2013 of $238,625, $1,182,890 and $690,730, respectively) was $77,775,497, $64,672,341 and $54,607,086 for the years ended September 30, 2015, 2014 and 2013, respectively. Total assets were $915,991,942 and $743,756,700 as of September 30, 2015 and 2014, respectively.

As of September 30, 2015, the Company had approximately 13,919,000 square feet of property, of which approximately 6,002,000 square feet, or 43%, consisting of forty-seven separate stand-alone leases, were leased to FedEx Corporation (FDX) and its subsidiaries, (7% to FDX and 36% to FDX subsidiaries). These properties are located in twenty different states. As of September 30, 2015, the only tenants that leased 5% or more of the Company’s total square footage were FDX and its subsidiaries and ULTA, Inc., which leased approximately 671,000 square feet, comprising approximately 5% of the Company’s rental space.

During fiscal 2015, the only tenant that accounted for 5% or more of our rental and reimbursement revenue was FDX (including its subsidiaries). Our rental and reimbursement revenue from FDX and its subsidiaries totaled approximately $41,954,000, $35,007,000 and $29,241,000, or 54% (8% from FDX and 46% from FDX subsidiaries), 54% (10% from FDX and 44% from FDX subsidiaries) and 53% (12% from FDX and 41% from FDX subsidiaries) of total rent and reimbursement revenues for the fiscal years ended September 30, 2015, 2014 and 2013, respectively.

The Company's weighted-average lease expiration was 7.2 and 6.7 years as of September 30, 2015 and 2014, respectively, and its average annualized rent per occupied square foot as of September 30, 2015 and 2014 was $5.48 and $5.51, respectively. The Company's occupancy rate as of September 30, 2015 and 2014 was 97.7% and 95.9%, respectively.

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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 relationships with merchant builders 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 three years following several years of historically low levels of new supply. These levels of new supply, although increasing, still remain below historical norms. Demand for industrial space continues to be very strong. 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. The Company from time to time may purchase these securities on margin when the interest and dividend yields exceed the cost of the funds. As of September 30, 2015 and 2014, 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 interest rate risk relating to debt securities and market price risk relating to equity 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, 2015 and 2014, the Company had $54,541,237 and $59,311,403, respectively, of securities available for sale. The unrealized net gain (loss) on securities available for sale at September 30, 2015 and 2014 was $(5,441,603) and $121,356, respectively. For the fiscal years ended September 30, 2015, 2014 and 2013, the Company’s net realized gains from the sale of securities were $805,513, $2,166,766 and $7,133,252, respectively.

Investment and Other Policies

The Company’s investment policy is to concentrate its investments in the area of long-term net-leased industrial properties, leased primarily to investment-grade tenants. 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 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 by re-leasing the properties will depend on the market for industrial properties at that time. The Company has renewed all six leases, or 100% of the gross leasable area that was scheduled to expire during fiscal 2015 at an increase in the weighted average lease rate of 6% on a U.S. GAAP straight-line basis and an increase in the weighted average lease rate of 1% on a cash basis.

The Company seeks to invest in well-located, modern buildings, leased pursuant to long-term net-leases, primarily to investment-grade tenants. 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 factor that shareholders should consider. FDX is a publicly-owned corporation and financial information related to FDX is available at the SEC’s website, www.sec.gov. The reference in this report to the SEC’s website is not intended to and does not include or incorporate by reference into this report the information on this website.

The Company currently has fourteen full-time employees and one part-time employee. One of the Company's employees (Director of Investor Relations, promoted to Vice President of Investor Relations in June 2015) was shared with an affiliated entity, UMH Properties, Inc. (UMH) through September 30, 2015. Through September 30, 2015, the Vice President of Investor Relations' salary was allocated 70% to the Company and 30% to UMH based on the time she worked for each entity. Effective October 1, 2015, the Vice President of Investor Relations began working solely for the Company at which point the Company no longer allocates any portion of her salary to UMH. In addition, the Company's Chairman of the Board is also the Chairman of the Board of UMH. Effective as of October 1, 2015, other than the Company's Chairman of the Board, the Company does not share any employees with UMH.

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Allocations of salaries and benefits were made based on the amount of the employees' time that was dedicated to each affiliated company. Some general and administrative expenses are allocated between the Company and UMH based on use or services provided. In fiscal 2015, total shared expense, including salaries and rent billed by UMH to the Company, were $158,727. On August 22, 2014, the Company entered into a seven-year lease agreement to occupy 5,680 square feet for the Company's new corporate office space. The lease became effective in January 2015, after which time, the Company ceased to share rent expense with UMH.

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 2015 and, as of September 30, 2015, the Company does not own any of its own shares.

Property Management

Currently, all ninety-one properties owned by the Company, with the exception of two properties that are located in 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 $306,487, $264,811 and $228,476 for fiscal years ended September 30, 2015, 2014 and 2013, respectively.

Until October 31, 2014, the Company's two industrial properties in Olive Branch, Mississippi, were managed by Industrial Developments International (IDI). Management fees paid to IDI for the fiscal years ended September 30, 2015, 2014 and 2013 were $8,274, $49,476 and $42,550, respectively. These management fees were reimbursed to the Company by the tenants. Effective November 1, 2014, the Company began to self-manage these properties.

The Company's industrial property in Streetsboro, Ohio is managed by GEIS Companies (GEIS). Management fees paid to GEIS for the fiscal years ended September 30, 2015, 2014 and 2013 were $50,112, $50,138 and $50,385, 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 for each of the fiscal years ended September 30, 2015, 2014 and 2013 totaled $15,804 each year.

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.

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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.com. Information contained on or hyperlinked from our Web site 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 (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.

Financial Information

Management views the Company as a single segment based on its method of internal reporting in addition to its allocation of capital and resources. 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.

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;

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- income tax laws;
- changes in interest rates and availability and costs of financing;
- 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.

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 buildings, leased to investment-grade tenants on long-term 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 forty-seven separate stand-alone leases located in twenty different states as of September 30, 2015. As of September 30, 2015, the Company had approximately 13,919,000 square feet of property, of which approximately 6,002,000 square feet, or 43%, were leased to FDX and its subsidiaries, (7% from FDX and 36% from FDX subsidiaries). Rental and reimbursement revenue from FDX and its subsidiaries is approximately 54% (8% from FDX and 46% from FDX subsidiaries) of total rental and reimbursement revenue for fiscal 2015. No other tenant accounted for 5% or more of the Company’s total Rental and Reimbursement revenue for the fiscal 2015. 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.

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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.

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 be liable 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.

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Coverage under our existing insurance policies may be inadequate to cover losses. Weather conditions and natural disasters such as hurricanes, tornados, 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 portfolios of 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 $130.0 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.

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. 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.

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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) 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 or the effect of required debt amortization payments could require us to borrow money or sell assets to pay out enough of our taxable income to satisfy the 90 percent distribution requirement and to avoid corporate income tax.

We may not have sufficient cash available from operations to pay distributions, and, therefore, distributions may be made from borrowings. The actual amount and timing of distributions will be determined by our Board of Directors in its discretion and typically will depend on the amount of cash available for distribution, which will depend on items such as current and projected cash requirements, 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 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.

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. 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 tax rate of 20% through 2015. Corporate distributees, however, may be eligible for the dividends received deduction on the distributions, subject to limitations under the Code.

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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.

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.

If we were considered to actually or constructively pay a "preferential dividend" to certain of our shareholders, our status as a REIT could be adversely affected. In order to qualify as a REIT, we must distribute annually to our shareholders at least 90% of our REIT taxable income, which does not equal net income as calculated in accordance with U.S. GAAP, determined without regard to the deduction for dividends paid and excluding net capital gain. In order for distributions to be counted as satisfying the annual distribution requirements for REITs, and to provide us with a REIT-level tax deduction, the distributions must not be "preferential dividends". A dividend is not a preferential dividend if the distribution is pro rata among all outstanding shares of stock within a particular class, and in accordance with the preferences among different classes of stock as set forth in our organizational documents. Currently, there is uncertainty as to the application of the law in certain circumstances and the IRS's position regarding whether certain arrangements that REITs have with their shareholders could give rise to the inadvertent payment of a preferential dividend (e.g., the pricing methodology for stock purchased under a distribution reinvestment plan inadvertently causing a greater than 5% discount on the price of such stock purchased). There is no deminimis exception with respect to preferential dividends; therefore, if the IRS were to take the position that we inadvertently paid a preferential dividend, we may be deemed to have failed the 90% distribution test, and our status as a REIT could be terminated for the year in which such determination is made if we were unable to cure such failure. While we believe that our operations have been structured in such a manner that we will not be treated as inadvertently paying preferential dividends, we can provide no assurance to this effect.

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.

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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.

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. 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:

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- 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, 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, the board 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 our affiliated company 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.

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. 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.

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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.

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.

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, 2015:

State	City (MSA)	Fiscal Year Acquisition	Type	Square Footage	Mortgage Balance 9/30/2015
AL	Huntsville	2005	Industrial	73,712	$991,088
AZ	Tolleson (Phoenix)	2003	Industrial	283,358	6,043,710
CO	Colorado Springs	2006	Industrial	68,370	1,600,686
CO	Denver	2005	Industrial	69,865	1,354,284
CT	Newington (Hartford)	2001	Industrial	54,812	-0-
FL	Cocoa	2008	Industrial	144,138	5,364,157
FL	Ft. Myers	2003	Industrial	87,500	-0-
FL	Jacksonville (FDX)	1999	Industrial	95,883	1,706,962
FL	Jacksonville (FDX Ground)	2015	Industrial	297,579	19,494,453
FL	Lakeland	2006	Industrial	32,105	-0-
FL	Orlando	2008	Industrial	110,638	4,570,915
FL	Punta Gorda	2007	Industrial	34,624	2,111,294
FL	Tampa (FDX Gr)	2004	Industrial	170,779	7,313,195
FL	Tampa (FDX)	2006	Industrial	95,662	4,132,523
FL	Tampa (Tampa Bay Grand Prix)	2005	Industrial	68,385	-0-
GA	Augusta (FDX Gr)	2005	Industrial	59,358	974,351
GA	Augusta (FDX)	2006	Industrial	30,184	-0-
GA	Griffin (Atlanta)	2006	Industrial	218,120	7,026,763
IA	Urbandale (Des Moines)	1994	Industrial	36,270	-0-
IL	Burr Ridge (Chicago)	1997	Industrial	12,500	-0-
IL	Elgin (Chicago)	2002	Industrial	89,052	844,690
IL	Granite City (St. Louis, MO)	2001	Industrial	184,800	1,151,798
IL	Montgomery (Chicago)	2004	Industrial	171,200	-0-
IL	Rockford (B/E Aerospace, Inc.)	2015	Industrial	38,833	-0-
IL	Rockford (Sherwin-Williams Company)	2011	Industrial	66,387	-0-
IL	Sauget (St. Louis, MO)	2015	Industrial	198,773	10,233,837
IL	Schaumburg (Chicago)	1997	Industrial	73,500	-0-
IL	Wheeling (Chicago)	2003	Industrial	123,000	3,457,456
IN	Greenwood (Indianapolis)	2015	Industrial	671,354	23,987,008
IN	Indianapolis	2014	Industrial	327,822	13,161,911
KS	Edwardsville (Kansas City) (Carlisle Tire)	2003	Industrial	179,280	894,552
KS	Edwardsville (Kansas City) (International Paper)	2014	Industrial	280,000	11,340,664
KS	Topeka	2009	Industrial	40,000	1,590,945

KY	Buckner (Louisville)	2014	Industrial	558,600	17,347,243
KY	Frankfort (Lexington)	2015	Industrial	599,840	19,078,153
MD	Beltsville (Washington, DC)	2001	Industrial	144,523	5,164,724
MI	Livonia (Detroit)	2013	Industrial	172,005	8,068,751
MI	Orion	2007	Industrial	245,633	9,095,386
MI	Romulus (Detroit)	1998	Industrial	71,933	-0-
MN	Stewartville (Rochester) (1)	2013	Industrial	60,398	2,846,710
MN	White Bear Lake (Minneapolis/St. Paul)	2001	Industrial	59,425	-0-
MO	Kansas City (Bunzl Distribution Midcentral, Inc.)	2015	Industrial	158,417	7,107,312
MO	Kansas City (Kellogg Sales Company)	2007	Industrial	65,067	2,381,917
MO	Liberty (Kansas City)	1998	Industrial	95,898	-0-
MO	O' Fallon (St. Louis)	1994	Industrial	102,135	-0-

State	City (MSA)	Fiscal Year Acquisition	Type	Square Footage	Mortgage Balance 9/30/2015
MO	St. Joseph	2001	Industrial	382,880	$417,435
MS	Olive Branch (Memphis, TN) (Anda)	2012	Industrial	234,660	9,302,178
MS	Olive Branch (Memphis, TN) (Milwaukee Tool)	2013	Industrial	615,305	14,312,846
MS	Ridgeland (Jackson)	1993	Industrial	26,340	-0-
MS	Richland (Jackson)	1994	Industrial	36,000	-0-
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	2,045,141
NJ	Somerset (3)	1970	Shopping Center	64,138	-0-
NY	Cheektowaga (Buffalo)	2000	Industrial	104,981	639,095
NY	Halfmoon (Albany)	2012	Industrial	75,000	3,886,331
NY	Orangeburg (New York)	1993	Industrial	50,400	-0-
OH	Bedford Heights (Cleveland)	2007	Industrial	82,269	2,862,734
OH	Cincinnati	2015	Industrial	63,840	-0-
OH	Lebanon (Cincinnati)	2012	Industrial	51,130	2,695,845
OH	Monroe (Cincinnati)	2015	Industrial	232,200	8,518,754
OH	Richfield (Cleveland)	2006	Industrial	131,152	3,414,645
OH	Streetsboro (Cleveland)	2012	Industrial	368,060	10,972,757
OH	West Chester Twp. (Cincinnati)	1999	Industrial	103,818	2,305,050
OK	Oklahoma City	2012	Industrial	158,340	4,863,512
OK	Tulsa	2014	Industrial	46,240	2,050,342
PA	Altoona (1)	2014	Industrial	122,522	4,376,801
PA	Monaca (Pittsburgh)	1988	Industrial	255,658	-0-
SC	Ft. Mill (Charlotte, NC)	2010	Industrial	176,939	2,468,015
SC	Hanahan (Charleston) (SAIC)	2005	Industrial	302,400	5,939,583
SC	Hanahan (Charleston) (FDX Gr)	2005	Industrial	91,776	1,339,490
TN	Chattanooga	2007	Industrial	60,637	1,774,568
TN	Lebanon (Nashville)	2011	Industrial	381,240	7,856,077
TN	Memphis	2010	Industrial	449,900	7,418,616
TN	Shelby County	2007	Land	N/A	-0-
TX	Carrollton (Dallas)	2010	Industrial	184,317	8,640,732
TX	Corpus Christi	2012	Industrial	46,253	-0-
TX	Edinburg	2011	Industrial	113,582	-0-
TX	El Paso	2006	Industrial	144,149	3,611,052
TX	El Paso	2011	Land	N/A	-0-
TX	Fort Worth (Dallas)	2015	Industrial	304,608	24,700,000
TX	Houston	2010	Industrial	91,295	3,531,824
TX	Lindale (Tyler)	2015	Industrial	163,378	6,723,881
TX	Spring (Houston)	2014	Industrial	181,176	9,692,678
TX	Waco	2012	Industrial	150,710	5,063,021
VA	Charlottesville	1999	Industrial	48,064	-0-
VA	Mechanicsville (Richmond) (FDX)	2001	Industrial	112,799	-0-
VA	Richmond (United Technologies)	2004	Industrial	60,000	-0-
VA	Roanoke (CHEP)	2007	Industrial	83,000	2,819,927

VA	Roanoke (FDX Gr)	2013	Industrial	103,402	5,758,502
WI	Cudahy (Milwaukee)	2001	Industrial	139,564	-0-
WI	Green Bay (1)	2013	Industrial	99,102	3,552,304
				13,918,963	$373,991,174

(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 has 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, 2015:

State	City (MSA)	Tenant	Annualized Rent	Lease Expiration	
AL	Huntsville	FedEx Ground Package System, Inc.	$412,000	08 /31/22	(1)
AZ	Tolleson (Phoenix)	Western Container Corp.	1,270,000	04 /30/17	
CO	Colorado Springs	FedEx Ground Package System, Inc.	644,000	09 /30/18	
CO	Denver	FedEx Ground Package System, Inc.	564,000	07 /31/18	
CT	Newington (Hartford)	Kellogg Sales Company	329,000	02 /28/17	
FL	Cocoa	FedEx Ground Package System, Inc.	1,104,000	09 /30/24	
FL	Ft. Myers	FedEx Ground Package System, Inc.	432,000	10 /31/16	(2)
FL	Jacksonville	FedEx Corporation	518,000	05 /31/19	
FL	Jacksonville	FedEx Ground Package System, Inc.	1,992,000	12 /31/29	
FL	Lakeland	FedEx Corporation	155,000	11 /30/17	
FL	Orlando	FedEx Corporation	666,000	11 /30/17	
FL	Punta Gorda	FedEx Corporation	304,000	06 /30/17	
FL	Tampa	FedEx Ground Package System, Inc.	1,493,000	06 /30/24	(3)
FL	Tampa	FedEx Corporation	603,000	09 /30/17	
FL	Tampa	Tampa Bay Grand Prix	285,000	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	11 /30/16	
IA	Urbandale (Des Moines)	Keystone Automotive Industries MN, Inc.	139,000	03 /31/17	
IL	Burr Ridge (Chicago)	Sherwin-Williams Company	160,000	10 /31/21	
IL	Elgin (Chicago)	Joseph T. Ryerson and Son, Inc.	506,000	01 /31/17	
IL	Granite City (St. Louis, MO)	Anheuser-Busch, Inc.	792,000	05 /31/16	(4)
IL	Montgomery (Chicago)	Home Depot USA, Inc.	966,000	06 /30/20	(2)
IL	Rockford	B/E Aerospace, Inc.	359,000	06 /30/27	
IL	Rockford	Sherwin-Williams Company	475,000	12 /31/23	
IL	Sauget (St. Louis, MO)	FedEx Ground Package System, Inc.	1,036,000	05 /31/29	
IL	Schaumburg (Chicago)	FedEx Corporation	515,000	03 /31/17	
IL	Wheeling (Chicago)	FedEx Ground Package System, Inc.	1,386,000	05 /31/17	
IN	Greenwood (Indianapolis)	ULTA, Inc.	2,644,000	07 /31/25	
IN	Indianapolis	FedEx Ground Package System, Inc.	1,533,000	04 /30/24	
KS	Edwardsville (Kansas City)	Carlisle Tire & Wheel Company	774,000	05 /31/18	
KS	Edwardsville (Kansas City)	International Paper Company	1,314,000	08 /31/23	
KS	Topeka	The Coca-Cola Company	332,000	09 /30/21	
KY	Buckner (Louisville)	Ralcorp Holdings, Inc.	2,146,000	10 /31/33	
KY	Frankfort (Lexington)	Jim Beam Brands Company	1,989,000	01 /31/25	
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	
MN	Stewartville (Rochester)	FedEx Ground Package System, Inc.	372,000	05 /30/23	
MN	White Bear Lake (Minneapolis/St. Paul)	Vacant	-0-	N/A	

MO	Kansas City	Bunzl Distribution Midcentral, Inc.	736,000	09	/30/21		
MO	Kansas City	Kellogg Sales Company	331,000	07	/31/18	(2	)
MO	Liberty (Kansas City)	Holland 1916 Inc.	337,000	06	/30/19		
MO	O' Fallon (St. Louis)	Pittsburgh Glass Works LLC	427,000	06	/30/18	(2)(16)	
MO	St. Joseph	Woodstream Corporation	896,000	09	/30/17	(5	)
MO	St. Joseph	Altec Industries, Inc.	349,000	02	/28/18	(5	)
MS	Olive Branch (Memphis, TN)	Anda Pharmaceuticals, Inc.	1,191,000	07	/31/22		
MS	Olive Branch (Memphis, TN)	Milwaukee Electric Tool Corporation	1,995,000	04	/30/23		
MS	Richland (Jackson)	FedEx Corporation	120,000	03	/31/24		
MS	Ridgeland (Jackson)	Graybar Electric Company	109,000	07	/31/19	(6	)
NC	Fayetteville	Vacant	-0-	N/A		(7	)
NC	Winston-Salem	Vacant	-0-	N/A		(8	)
NE	Omaha	FedEx Corporation	446,000	10	/31/23		
NJ	Carlstadt (New York, NY)	SOFIVE, Inc.	512,000	01	/31/25	(9	)

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State	City (MSA)	Tenant	Annualized Rent	Lease Expiration	
NJ	Somerset	Various Tenants at Retail Shopping Center	$546,000	Various	(10)
NY	Cheektowaga (Buffalo)	FedEx Ground Package System, Inc.	966,000	08/31/19	
NY	Halfmoon (Albany)	RGH Enterprises, Inc.	590,000	11/30/21	
NY	Orangeburg (New York)	Kellogg Sales Company	331,000	02/28/18	(2)
OH	Bedford Heights (Cleveland)	FedEx Corporation	408,000	08/31/18	
OH	Cincinnati	The American Bottling Company	480,000	09/30/29	
OH	Lebanon (Cincinnati)	Siemens Real Estate	467,000	04/30/19	
OH	Monroe (Cincinnati)	UGN, Inc.	1,045,000	02/28/30	
OH	Richfield (Cleveland)	FedEx Ground Package System, Inc.	1,490,000	09/30/24	
OH	Streetsboro (Cleveland)	Best Buy Warehousing Logistics, Inc.	1,626,000	01/31/22	
OH	West Chester Twp. (Cincinnati)	FedEx Ground Package System, Inc.	525,000	08/31/23	
OK	Oklahoma City	FedEx Ground Package System, Inc.	1,022,000	06/30/25	(11)
OK	Tulsa	The American Bottling Company	255,000	02/28/24	
PA	Altoona	FedEx Ground Package System, Inc.	651,000	08/31/23	
PA	Monaca (Pittsburgh)	NF&M International, Inc.	820,000	12/31/24	(5)(12)
PA	Monaca (Pittsburgh)	Datatel Resources Corporation	239,000	11/30/17	(2)(5)
SC	Ft. Mill (Charlotte, NC)	FedEx Ground Package System, Inc.	1,415,000	10/31/23	
SC	Hanahan (Charleston)	Science Applications International Corporation	1,412,000	04/30/19	(2)
SC	Hanahan (Charleston)	FedEx Ground Package System, Inc.	675,000	07/31/18	
TN	Chattanooga	FedEx Corporation	311,000	10/31/17	
TN	Lebanon (Nashville)	CBOCS Distribution, Inc.	1,406,000	06/30/24	
TN	Memphis	FedEx Supply Chain Services, Inc.	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.	458,000	08/31/21	
TX	Edinburg	FedEx Ground Package System, Inc.	598,000	08/31/21	(13)
TX	El Paso	FedEx Ground Package System, Inc.	1,320,000	09/30/23	(14)
TX	El Paso	N/A- Land	-0-	N/A	(14)
TX	Fort Worth (Dallas)	FedEx Ground Package System, Inc.	2,362,000	04/30/30	
TX	Houston	National Oilwell Varco, Inc.	741,000	09/30/22	
TX	Lindale (Tyler)	FedEx Ground Package System, Inc.	725,000	06/30/24	
TX	Spring (Houston)	FedEx Ground Package System, Inc.	1,577,000	09/30/24	
TX	Waco	FedEx Ground Package System, Inc.	1,045,000	08/31/25	(15)
VA	Charlottesville	FedEx Corporation	329,000	08/31/17	
VA	Mechanicsville (Richmond)	FedEx Corporation	541,000	04/30/23	
VA	Richmond	United Technologies Corporation	312,000	05/31/16	(4)
VA	Roanoke	CHEP USA, Inc.	473,000	02/28/25	(17)
VA	Roanoke	FedEx Ground Package System, Inc.	755,000	04/30/23	
WI	Cudahy (Milwaukee)	FedEx Ground Package System, Inc.	901,000	06/30/17	
WI	Green Bay	FedEx Ground Package System, Inc.	468,000	05/30/23	
			$74,487,000		

(1) The Company has entered into a lease amendment that will become effective upon completion of a 14,941 square foot expansion of the building, which is expected to be completed in August 2016. At that time, annualized rent will increase from $412,255, or $5.59 per square foot, to $604,785 or $6.82 per square foot, and the lease term will be extended from August 31, 2022 to July 31, 2026.

(2) Extension has been executed. See fiscal 2015 and fiscal 2016 renewal and extension chart.

(3) The Company has entered into a lease amendment that will become effective upon completion of a parking lot expansion, which is expected to be completed in August 2016. At that time, annualized rent will increase from $1,493,325, or $8.74 per square foot, to $1,623,608, or $9.51 per square foot, and the lease term will be extended from June 30, 2024 to July 31, 2026.

(4) Renewal is in discussion for leases expiring in fiscal 2016.

(5) Property is leased to two tenants.

(6) Lease has an early termination option which may be exercised if tenant gives six months notice at any time.

(7) The Company entered into a 5.25 year lease agreement through February 28, 2021. The lease commenced December 1, 2015 and is with Victory Packaging, L.P., a wholly-owned subsidiary of KapStone Paper and Packaging Corporation, a publicly-owned company. The initial annual rent of $469,160, representing $3.17 per square foot, will commence on March 1, 2016, with 2.5% annual increases thereafter.

(8) The Company entered into a 5.25 year lease agreement through March 31, 2021. The lease is with Style Crest, Inc. and will commence on January 1, 2016. Initial annual rent of $356,798, representing $3.35 per square foot, will commence on April 1, 2016 with 3.0% annual increases thereafter.

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(9) 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.

(10) The Company owns a 67% controlling equity interest. Estimated annual rent reflects the Company's proportionate share of the total rent. The Company has recently entered into three leasing agreements that have become or will become effective subsequent to September 30, 2015, at which time the Company's 64,138 square foot shopping center will be 100% occupied.

(11) During June 2015, a 38,428 square foot expansion of the building was completed for a cost of approximately $3,332,000, resulting in a new 10 year lease which extended the current lease expiration date from March 31, 2022 to June 30, 2025. In addition, the expansion resulted in an increase in annual rent effective August 1, 2015 from $712,532, or $5.94 per square foot, to $1,048,250, or $6.62 per square foot.

(12) During December 2014, a 62,260 square foot expansion of the building was completed for a cost of approximately $4,503,000, resulting in a new 10 year lease which extended the current lease expiration date from September 30, 2018 to December 31, 2024. In addition, the expansion resulted in an initial increase in annual rent effective January 1, 2015 from $381,805, or $3.39 per square foot, to $820,000, or $4.69 per square foot. Furthermore, annual rent will increase in year five of the lease effective January 1, 2020 to $841,600, or $4.81 per square foot, resulting in an annualized rent over the new ten year period of $830,800, or $4.75 per square foot.

(13) The Company has entered into a lease amendment that will become effective upon completion of a 50,741 square foot expansion of the building, which is expected to be completed in October 2016. At that time, annualized rent will increase from $598,333, or $5.27 per square foot, to $1,052,037, or $6.40 per square foot, and the lease term will be extended from August 31, 2021 to September 30, 2026.

(14) During June 2015, a parking lot expansion for the property was completed for a cost of approximately $2,472,000 resulting in an increase in annual rent effective July 1, 2015 from $1,045,610, or $7.25 per square foot, to $1,345,289, or $9.33 per square foot.

(15) During August 2015, a 48,116 square foot expansion of the building was completed for a cost of approximately $4,125,000, resulting in a new 10 year lease which extended the current lease expiration date from May 29, 2022 to August 31, 2025. In addition, the expansion resulted in an increase in annual rent effective August 15, 2015 from $659,324, or $6.43 per square foot, to $1,078,383, or $7.16 per square foot.

(16) Lease has an early termination option which may be exercised after January 1, 2016 but before December 31, 2016, on the condition that the Company is provided with six months notice and the tenant pays the Company a $213,462 termination fee. Additionally, the lease has an early termination option which may be exercised after January 1, 2017, on the condition that the Company is provided with six months notice and the tenant pays the Company a $106,731 termination fee.

(17) 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, 2015 except for the following:

Property	Square Footage	Occupancy
Fayetteville, NC (1)	148,000	0%
Winston-Salem, NC (2)	106,507	0%
Somerset, NJ (3)	64,138	84%
White Bear Lake, MN	59,425	0%

(1) In September 2015, the Company entered into a 5.25 year lease agreement for its 148,000 square foot building located in Fayetteville, NC through February 28, 2021. The lease commenced December 1, 2015 and is with Victory Packaging, L.P., a wholly-owned subsidiary of KapStone Paper and Packaging Corporation, a publicly-owned company. The initial annual rent of $469,160, representing $3.17 per square foot, will commence on March 1, 2016 with 2.5% annual increases thereafter.

(2) In October 2015, the Company entered into a 5.25 year lease agreement for its 106,507 square foot building located in Winston-Salem, NC through March 31, 2021. The lease is with Style Crest, Inc. and will commence on January 1, 2016. Initial annual rent of $356,798, representing $3.35 per square foot, will commence on April 1, 2016 with 3.0% annual increases thereafter.

(3) The Company has recently entered into three leasing agreements that have become or will become effective subsequent to September 30, 2015, at which time the Company's 64,138 square foot shopping center will be 100% occupied.

The Company's weighted-average lease expiration was 7.2 and 6.7 years as of September 30, 2015 and 2014, respectively.

Our average occupancy rates as of the years ended September 30, 2015, 2014, 2013, 2012 and 2011 were 97.7%, 95.9%, 96.0%, 95.2% and 97.1%, respectively. The average effective annualized rent per square foot for the years ended September 30, 2015, 2014, 2013, 2012 and 2011 was $5.48, $5.51, $5.53, $5.62 and $5.59, respectively.

Completed expansions that have resulted in increased rents over the fiscal years ended September 30, 2014 and 2015

E-Commerce has been a major catalyst driving increased demand for the industrial property type, causing an ongoing shift from traditional brick and mortar retail shopping to shopping on-line. Due to the increased demand for industrial space, we have been experiencing an increase in expansion activity at our existing properties.

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On December 21, 2012, the Company purchased approximately 4.1 acres of land adjacent to its property which is leased to FedEx Ground Package System, Inc. located in Orion, MI for $988,579 in order to construct a parking lot. In addition, a 52,154 square foot expansion of a building was completed in June 2013 for a cost of approximately $3,800,000 resulting in an increase in annual rent effective July 1, 2013 from $1,285,265, or $6.64 per square foot, to $1,744,853, or $7.10 per square foot. The parking lot expansion was completed in September 2013 for a total cost of approximately $1,500,000 resulting in an increase in annual rent effective October 1, 2013 to $1,908,221, or $7.77 per square foot. In addition, the expansion resulted in a new 10 year lease which extended the current lease expiration date from June 30, 2017 to June 30, 2023.

In June 2013, Phase I of a 64,240 square foot expansion of a building leased to FedEx Ground Package System, Inc. located in Fort Mill, SC, which is located in the Charlotte, NC Metropolitan Statistical Area (“MSA”), was completed for a cost of approximately $3,483,000 resulting in an increase in annual rent effective July 1, 2013 from $1,023,745, or $9.08 per square foot, to $1,364,761, or $7.71 per square foot. Phase II of the expansion, which consisted of a parking lot expansion, cost approximately $426,000. Phase II was completed in November 2013, resulting in an increase in annual rent effective November 1, 2013 to $1,414,639, or $8.00 per square foot. In addition, the expansion resulted in a new 10 year lease which extended the current lease expiration date from September 30, 2019 to October 31, 2023.

On July 11, 2013, the Company purchased approximately 14 acres of land adjacent to its property which is leased to FedEx Ground Package System, Inc. located in Richfield, OH, which is located in the Cleveland MSA, for $1,655,166 in order to construct a parking lot. The parking lot expansion was completed in October 2013 and cost approximately $3,142,000. As a result, effective November 1, 2013, the annual rent increased from $644,640, or $8.11 per square foot, to $1,124,384, or $14.15 per square foot. In addition, the Company completed a 51,677 square foot expansion of a building in August 2014, which cost approximately $3,655,000, at which time the annual rent increased to $1,489,907, or $11.36 per square foot. In addition, the expansion resulted in a new 10 year lease which extended the current lease expiration date from October 31, 2016 to September 30, 2024.

In September 2013, a 51,765 square foot expansion of a building leased to FedEx Ground Package System, Inc. located in El Paso, TX was completed for a cost of approximately $3,800,000 resulting in an increase in annual rent effective October 1, 2013 from $667,584, or $7.27 per square foot, to $1,045,610, or $7.25 per square foot. In addition, the expansion resulted in a new 10 year lease which extended the current lease expiration date from September 30, 2015 to September 30, 2023. During June 2015, a parking lot expansion for the same property was completed for a cost of approximately $2,472,000 resulting in an increase in annual rent effective July 1, 2015 to $1,345,289, or $9.33 per square foot.

In June 2014, 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 $788,000 resulting in an increase in annual rent effective July 1, 2014 from $1,412,177, or $8.27 per square foot to $1,493,325, or $8.74 per square foot. In addition, the expansion resulted in a new 10 year lease which extended the current lease expiration date from January 31, 2019 to June 30, 2024.

In July 2014, a 55,037 square foot expansion of a building leased to FedEx Ground Package System, Inc. located in Cocoa, FL was completed for a cost of approximately $3,734,000 resulting in an increase in annual rent effective September 25, 2014 from $738,504, or $8.29 per square foot to $1,111,908, or $7.71 per square foot. In addition, the expansion resulted in a new 10 year lease which extended the current lease expiration date from November 19, 2016 to September 30, 2024.

In August 2014, a 66,253 square foot expansion of a building leased to FedEx Ground Package System, Inc. located in Spring, TX, which is located in the Houston MSA, was completed for a cost of approximately $4,345,000 resulting in an increase in annual rent effective September 24, 2014 from $1,146,099, or $9.97 per square foot to $1,580,572, or $8.72 per square foot. In addition, the expansion resulted in a new 10 year lease which extended the current lease expiration date from August 31, 2023 to September 30, 2024.

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During December 2014, a 62,260 square foot expansion of a building leased to NF&M International, Inc. located in Monaca, PA was completed for a cost of approximately $4,503,000, resulting in a new 10 year lease which extended the current lease expiration date from September 30, 2018 to December 31, 2024. In addition, the expansion resulted in an initial increase in annual rent effective January 1, 2015 from $381,805, or $3.39 per square foot, to $820,000, or $4.69 per square foot. Furthermore, annual rent will increase in year five of the lease effective January 1, 2020 to $841,600, or $4.81 per square foot, resulting in an annualized rent over the new ten year period of $830,800, or $4.75 per square foot.

During June 2015, a 38,428 square foot expansion of a building leased to FedEx Ground Package System, Inc. located in Oklahoma City, OK was completed for a cost of approximately $3,332,000, resulting in a new 10 year lease which extended the current lease expiration date from March 31, 2022 to June 30, 2025. In addition, the expansion resulted in an increase in annual rent effective August 1, 2015 from $712,532, or $5.94 per square foot, to $1,048,250, or $6.62 per square foot.

During August 2015, a 48,116 square foot expansion of a building leased to FedEx Ground Package System, Inc. located in Waco, TX was completed for a cost of approximately $4,125,000, resulting in a new 10 year lease which extended the current lease expiration date from May 29, 2022 to August 31, 2025. In addition, the expansion resulted in an increase in annual rent effective August 15, 2015 from $659,324, or $6.43 per square foot, to $1,078,383, or $7.16 per square foot.

Fiscal 2015 renewals

Approximately 6% of the Company's gross leasable area, consisting of six leases totaling 778,702 square feet, were scheduled to expire during fiscal 2015. The Company has renewed all six leases, or 100% of the gross leasable area that were scheduled to expire during fiscal 2015. The Company has incurred or expects to incur tenant improvement costs of approximately $665,200 and leasing costs of approximately $438,300 in connection with these six lease renewals. The table below summarizes the lease terms of the six leases which were renewed and includes both the tenant improvement costs and the leasing 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)
		50,400	$ 7.00	$7.00	2/28/15	$ 6.50	$6.50	2/28/18	3.0	$ 0.21	$ 0.26

Orangeburg, NY	Kellogg Sales Co.										
Hanahan, SC	SAIC (2)	302,400	4.25	4.54	4/29/15	4.79	4.65	4/30/19	4.3	0.22	0.28
Montgomery, IL	Home Depot	171,200	5.11	5.27	6/30/15	5.70	5.48	6/30/20	5.0	-0-	-0-
O'Fallon, MO	Pittsburgh Glass Works	102,135	4.18	4.18	6/30/15	4.18	4.18	6/30/18	3.0	0.99	-0-
Kansas City, MO	Kellogg Sales Co.	65,067	5.38	5.38	7//31/15	5.00	5.00	7/31/18	3.0	0.22	0.20
Ft. Myers, FL	FedEx Ground	87,500	4.76	4.76	10/31/14	4.95	4.95	10/31/16	2.0	-0-	-0-
	Total	778,702									
Weighted Average			$ 4.76	$4.91		$ 5.06	$4.95		3.8	$ 0.22	$ 0.15

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

(2) In December 2014, 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, 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, SC location through April 29, 2015 at an annualized rent of approximately $1,389,000 or $4.54 per square foot. 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.

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The six lease renewals resulted in an additional weighted average lease term of 3.8 years and a U.S. GAAP straight-line weighted average lease rate of $5.06 per square foot. The renewed weighted average initial cash rent per square foot is $4.95. This compares to the former weighted average rent on a U.S. GAAP straight-line basis of $4.76 per square foot and the former weighted average cash rent of $4.91 per square foot, representing an increase in the weighted average lease rate of 6% on a U.S. GAAP straight-line basis and an increase in the weighted average lease rate of 1% on a cash basis.

During fiscal 2015, the Company completed work on three building expansions and one parking lot expansion, which resulted in extending the tenants' lease expirations by approximately ten years from the date of completion for each of the three buildings that were expanded and increasing the tenants' rent on each of the four expansions. Prior to the lease amendments being executed, these three properties had a remaining weighted average lease term of 5.7 years at the time of completion of the expansion work. By obtaining an additional ten years of lease term from the date of completion of the expansion work, an additional 4.3 years of weighted average term was added to these three leases. Commencing during fiscal 2015, these four lease amendments have resulted in an annual increase in base rent totaling approximately $1,503,000 on a U.S. GAAP straight-line basis and approximately $1,493,000 on a cash basis. The renewed U.S. GAAP straight-line weighted average lease rate for the properties that were expanded is $6.85 per square foot and the renewed weighted average initial cash rent per square foot is $6.83. This compares to the former weighted average rent of $5.84 per square foot on a U.S. GAAP straight-line basis and on an average cash rent basis, representing an increase in the weighted average lease rate of 17.29% on a U.S. GAAP straight-line basis and an increase in the weighted average lease rate of 16.95% on a cash basis.

The six leases that renewed, that were scheduled to expire in fiscal 2015, combined with the four leases that were amended due to expansions, resulted in an increase in the weighted average lease rate for these ten properties of 13.3% on a U.S. GAAP straight-line basis and an increase in the weighted average lease rate of 10.1% on a cash basis. In addition, the six leases that renewed combined with the three leases that were amended in connection with building expansions, resulted in an additional 4.0 years of weighted average term being added to these nine leases.

New leasing activity

During January 2015, the Company entered into a thirty-seven month lease agreement commencing February 1, 2015 with Altec Industries, Inc. to lease 126,880 square feet of the Company's 382,880 square foot building located in St. Joseph, MO through February 28, 2018. This increased the occupancy of this building from 67% to 100%. Annual rent commenced March 1, 2015 for $348,920, or $2.75 per square foot. The remaining 256,000 square feet is currently being leased to Woodstream Corporation through September 30, 2017.

During September 2015, the Company entered into a 5.25 year lease agreement for its previously vacant 148,000 square foot building located in Fayetteville, NC through February 28, 2021. The lease commenced December 1, 2015 and is with Victory Packaging, L.P., a wholly-owned subsidiary of KapStone Paper and Packaging Corporation, a publicly-owned company. The initial annual rent of $469,160, representing $3.17 per square foot, will commence on March 1, 2016 with 2.5% annual increases thereafter.

During October 2015, the Company entered into a 5.25 year lease agreement for its previously vacant 106,507 square foot building located in Winston-Salem, NC through March 31, 2021. The lease is with Style Crest, Inc. and will commence on January 1, 2016. Initial annual rent of $356,798, representing $3.35 per square foot, will commence on April 1, 2016 with 3.0% annual increases thereafter. Once this lease to Style Crest, Inc. becomes effective, the Company's overall occupancy rate will increase to 99.5%.

Fiscal 2016 renewals

Approximately 2% of the Company's gross leasable area, consisting of three leases totaling 325,656 square feet, is scheduled to expire during fiscal 2016. The Company has renewed one of these three leases, consisting of 80,856 square feet or 25% of the gross leasable area scheduled to expire during fiscal 2016. The Company has not incurred any tenant improvement costs or any leasing costs in connection with this lease renewal. The table below summarizes the lease terms of the one lease that was renewed and includes both the tenant improvement costs and the leasing 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	Leasing Commissions Cost PSF over Renewal Term
Monaca, PA	Datatel Resources	80,856	$2.87	$2.87	11/30/15	$3.00	$3.00	11/30/17	2.0	$-0-	$-0-

The lease renewal resulted in an additional term of 2.0 years and an initial cash and U.S. GAAP straight-line lease rate of $3.00 per square foot. This compares to the former initial cash and U.S. GAAP straight-line lease rate of $2.87 per square foot, representing an increase in the lease rate of 4.5%. The two remaining leases renewals are under discussion.

On September 30, 2015, the Company had a weighted average lease maturity of 7.2 years with weighted average gross annualized rent scheduled to expire each year of 10.4%.

The following table presents certain information as of September 30, 2015, 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 (Sq. Ft.)	Annualized Rent $	Percent of Gross Annualized Rent %	
Vacant (1)	3	324,250	$-0-	0	%
Shopping Center (2)	1	53,820	546,000	1	%
2016	2	244,800	1,104,000	2	%
2017	13	1,539,526	8,779,000	12	%
2018	15	1,324,159	7,753,000	10	%
2019	8	1,310,849	6,712,000	9	%
2020	2	239,585	1,251,000	2	%
2021	5	430,185	2,494,000	3	%
2022	7	1,027,232	5,914,000	8	%
2023	11	1,917,312	9,970,000	13	%

2024	12	1,914,366	12,039,000	16	%
2025	7	1,898,446	8,505,000	12	%
2027	1	38,833	359,000	0	%
2029	2	262,613	1,516,000	2	%
2030	3	834,387	5,399,000	7	%
2033	1	558,600	2,146,000	3	%
Total (3)	91	13,918,963	$74,487,000	100	%

(1) Included in "Vacant" are two properties with respect to each of which the Company has recently entered into a 5.25 year lease agreement that has commenced or will commence subsequent to September 30, 2015. Both leases are for a combined total of 254,507 square feet and will generate a combined total of $831,000 in annualized rent.

(2) Shopping Center represents a multi-tenanted property which has lease expirations ranging from month-to-month to 2029. The Company has recently entered into three leasing agreements that have become or will become effective subsequent to September 30, 2015, at which time the Company's 64,138 square foot shopping center will be 100% occupied.

(3) Included in 2018 is Datatel Resources and included in 2024 is NF&M International, which both occupy one property and therefore are counted as one property in the property count total. Included in 2017 is Woodstream Corporation and included in 2018 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 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 2015				Fiscal 2014			
Market Price				Market Price			
Fiscal Qtr.	High	Low	Distrib.	Fiscal Qtr.	High	Low	Distrib.
First	$11.62	$10.10	$0.15	First	$9.67	$8.75	$0.15
Second	12.07	10.64	0.15	Second	9.99	8.78	0.15
Third	11.30	9.30	0.15	Third	10.08	8.65	0.15
Fourth	10.09	9.02	0.15	Fourth	11.10	9.87	0.15
			$0.60				$0.60

On December 1, 2015, the closing price of our common stock was $10.49.

Shareholder Information

As of December 1, 2015, there were 1,363 shareholders of record who held shares of common stock of the Company.

Distributions and Dividends

On October 1, 2015, the Company’s Board of Directors approved a 6.7% increase in the Company’s quarterly common stock dividend, raising it to $0.16 per share from $0.15 per share. The dividend is payable December 15, 2015, to shareholders of record at the close of business on November 16, 2015. This represents an annualized dividend rate of $0.64 per share. The Company has maintained or increased its cash dividend for twenty-four 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.

Recent Sales of Unregistered Securities

None.

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Purchases of Equity Securities

On January 21, 2015, the Board of Directors reaffirmed its Share Repurchase Program (the 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. As of September 30, 2015, 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, 2015 is $10,000,000.

Equity Compensation Plan Information

The Company has a Stock Option and Stock Award Plan, adopted in 2007 and amended and restated in 2010 (the 2007 Plan) authorizing the grant to officers and key employees of options to purchase up to 1,500,000 shares of common stock including up to 100,000 shares of restricted stock awards in any one fiscal year. As of September 30, 2015, there were 546,646 shares available for grant as stock options or restricted stock under the 2007 Plan. During fiscal 2015, options to purchase 65,000 shares were granted with an exercise price of $11.16 and options to purchase 81,200 shares were exercised at a weighted average exercise price of $7.54 per share for total proceeds of $612,410. Subsequent to September 30, 2015 to date, options to purchase 95,000 shares were exercised at a weighted average exercise price of $8.09 per share for total proceeds of $768,300. In addition, during fiscal 2015, 47,000 shares of restricted common stock were granted with a fair value on the grant date of $9.96 per share and 11,000 shares of restricted common stock were granted with a fair value on the grant date of $9.52. See Note 10 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 Matters for a table of beneficial ownership of the Company’s common stock.

The following table summarizes information, as of September 30, 2015, 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:

	Number of Securities to be Issued Upon Exercise of	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance

Plan Category	Outstanding Options, Warrants and Rights (a)	(b)	Under Equity Compensation Plan(excluding Securities reflected in column (a)) (c)
Equity Compensation Plan Approved by Security Holders	635,000	$ 8.68	546,646
Equity Compensation Plan not Approved by Security Holders	N/A	N/A	N/A
Total	635,000	$ 8.68	546,646

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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, 2010 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 for 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,				
	2015	**2014**	**2013**	**2012**	**2011**
OPERATING DATA:					
Rental and Reimbursement Revenue	$77,775,497	$64,672,341	$54,607,086	$50,368,931	$48,141,484
Real Estate Taxes and Operating Expenses	(12,490,019)	(11,317,479)	(9,228,610)	(8,832,027)	(9,635,499)
Net Operating Income - NOI	65,285,478	53,354,862	45,378,476	41,536,904	38,505,985
Lease Termination Income	238,625	1,182,890	690,730	3,222,283	-0-
Gain on Sale of Securities Transactions, net	805,513	2,166,766	7,133,252	6,044,065	5,238,203
Interest and Dividend Income	3,723,867	3,882,597	3,885,920	3,358,674	3,100,327
General & Administrative Expenses	(6,305,928)	(5,709,937)	(4,982,945)	(5,609,558)	(4,155,200)
Acquisition Costs	(1,546,088)	(481,880)	(514,699)	(667,799)	(425,157)
Interest Expense	(18,558,150)	(16,104,678)	(14,956,954)	(15,352,499)	(14,870,906)
Depreciation & Amortization Expense	(23,058,744)	(18,445,326)	(15,530,094)	(13,832,305)	(12,129,872)
Income from Continuing Operations	20,584,573	19,845,294	21,103,686	18,699,765	15,263,380
Gain on Sale of Real Estate Investment	5,021,242	-0-	-0-	-0-	-0-
Income (loss) from Discontinued Operations	-0-	-0-	291,560	(15,270)	154,818
Net Income	25,605,815	19,845,294	21,395,246	18,684,495	15,418,198
Preferred Dividends	(8,607,032)	(8,607,032)	(8,607,032)	(5,513,126)	(4,079,219)
Net Income Attributable to Common Shareholders	$16,998,783	$11,238,262	$12,788,214	$13,171,369	$11,338,979
Income from Continuing Operations Per Share					
Basic	$0.43	$0.40	$0.49	$0.47	$0.44
Diluted	0.43	0.40	0.49	0.47	0.44
Net Income Attributable to Common Shareholders Per Share					
Basic	0.29	0.23	0.30	0.33	0.32
Diluted	0.29	0.23	0.30	0.33	0.32
BALANCE SHEET DATA:					
Total Assets	$915,991,942	$743,756,700	$617,240,866	$574,507,702	$476,986,836
Real Estate Investments, Net	816,801,105	636,923,228	536,799,412	467,886,484	407,864,535
Mortgage Notes Payable	373,991,174	287,796,006	250,093,382	237,943,911	211,614,170
Loans Payable	85,041,386	25,200,000	22,200,000	5,200,000	16,860,950
8% Subordinated Convertible Debentures	-0-	-0-	-0-	8,615,000	8,915,000

Series A 7.625% Cumulative					
Redeemable Preferred Stock	53,493,750	53,493,750	53,493,750	53,493,750	53,493,750
Series B 7.875% Cumulative					
Redeemable Preferred Stock	57,500,000	57,500,000	57,500,000	57,500,000	-0-
Total Shareholders' Equity	446,010,640	420,631,082	335,914,971	315,687,139	234,514,084
CASH FLOW DATA:					
Net Cash Provided (Used) By:					
Operating Activities	$38,062,285	$34,856,285	$27,463,529	$26,808,821	$22,126,819
Investing Activities	(194,469,735)	(131,809,697)	(60,373,084)	(80,640,038)	(30,365,918)
Financing Activities	148,006,698	105,023,561	20,663,209	72,105,267	7,801,354

	September 30,				
OTHER INFORMATION:	2015	2014	2013	2012	2011
Average Number of Common Shares Outstanding					
Basic	59,085,888	49,829,924	42,275,555	39,660,692	35,083,457
Diluted	59,201,296	49,925,036	42,432,354	39,819,621	35,131,718
Funds From Operations*	$33,730,447	$29,000,443	$27,338,245	$26,459,005	$23,121,829
Core Funds From Operations*	$35,276,535	$29,482,323	$27,852,944	$27,126,804	$23,546,986
Adjusted Funds From Operations*	$33,976,958	$25,843,710	$19,521,972	$17,685,624	$18,027,197
Cash Dividends per Common Share	$0.60	$0.60	$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 (loss) attributable to common shareholders, as defined by 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. We define Adjusted Funds From Operations (AFFO) as Core FFO, excluding stock compensation expense, depreciation of corporate office tenant improvements, amortization of financing costs, lease termination income, net gain or loss on sale of securities transactions, U.S. GAAP straight-line rent adjustments 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 REIT's, 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. 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 as a measure of operating performance or to Cash Flows from Operating, Investing and Financing Activities; and (iii) are not an alternative to cash flow 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 :

	2015	2014	2013	2012	2011
Net Income Attributable to Common Shareholders	$16,998,783	$11,238,262	$12,788,214	$13,171,369	$11,338,979
Plus: Depreciation Expense (including Discontinued Operations & excluding Corporate Office)	19,625,748	15,908,769	12,877,385	11,471,070	10,351,358
Plus: Amortization of Intangible Assets	1,370,654	1,347,936	1,543,298	1,477,356	1,186,392
Plus: Amortization of Capitalized Lease Costs (1)	756,504	505,476	475,142	330,990	245,100
(Gain) Loss on Sale of Depreciable Assets	(5,021,242)	-0-	(345,794)	8,220	-0-
FFO Attributable to Common Shareholders	33,730,447	29,000,443	27,338,245	26,459,005	23,121,829
Plus: Acquisition Costs	1,546,088	481,880	514,699	667,799	425,157
Core FFO Attributable to Common Shareholders	35,276,535	29,482,323	27,852,944	27,126,804	23,546,986
Plus: Stock Compensation Expense	448,895	347,002	329,148	593,811	163,150

Plus: Depreciation of Corporate Office Tenant Improvements	79,572	-0-	-0-	-0-	-0-
Plus: Amortization of Financing Costs	1,286,016	725,745	647,112	630,969	457,279
Less: Lease Termination Income	(238,625)	(1,182,890)	(690,730)	(3,222,283)	-0-
Less: Gain on Sale of Securities Transactions, net	(805,513)	(2,166,766)	(7,133,252)	(6,044,065)	(5,238,203)
Less: U.S. GAAP Straight-line Rent Adjustment	(1,446,264)	(600,745)	(943,785)	(553,474)	(86,093)
Less: Recurring Capital Expenditures	(623,658)	(760,959)	(539,465)	(846,138)	(815,922)
AFFO Attributable to Common Shareholders	$33,976,958	$25,843,710	$19,521,972	$17,685,624	$18,027,197

(1) In previous filings, the Company has presented its calculation of FFO and Core FFO without excluding the effects of the amortization of Capitalized Lease Costs. FFO and Core FFO have been presented above reflecting the effects of excluding the amortization of Capitalized Lease Costs.

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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 (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “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 c 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, our reliance on certain major tenants and 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 sell properties at an attractive price;
- the Company’s ability to repay debt financing obligations;
- the Company’s ability to refinance amounts outstanding under its credit facilities at maturity on terms favorable to us;
- 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;

- 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;

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- declines in the market value 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

The Company is a self-administered and self-managed REIT. The Company seeks to invest in well-located, modern industrial buildings, leased primarily to investment-grade tenants on long-term net-leases. At September 30, 2015, the Company held investments in ninety-one properties totaling approximately 13,919,000 square feet. Total real estate investments were $941,779,316 at September 30, 2015. These properties are located in twenty-eight states: Alabama, Arizona, Colorado, Connecticut, Florida, Georgia, Illinois, Indiana, Iowa, Kansas, Kentucky, Maryland, Michigan, Minnesota, Mississippi, Missouri, Nebraska, New Jersey, New York, North Carolina, Ohio, Oklahoma, Pennsylvania, South Carolina, Tennessee, Texas, Virginia, 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 the shopping center in New Jersey, in which the Company holds a 67% controlling equity interest.

The Company’s weighted-average lease expiration was 7.2 and 6.7 years as of September 30, 2015 and 2014, respectively, and its average annualized rent per occupied square foot as of September 30, 2015 and 2014 was $5.48 and $5.51, respectively. At September 30, 2015 and 2014, the Company’s occupancy was 97.7% and 95.9%, respectively. During fiscal 2015, the Company acquired ten industrial properties totaling approximately 2,729,000 square feet for approximately $191,985,000.

The Company has a concentration of properties leased to FedEx Corporation (FDX). As of September 30, 2015, the Company had approximately 13,919,000 square feet of property, of which approximately 6,002,000 square feet, or 43%, consisting of forty-seven separate stand-alone leases, were leased to FDX and its subsidiaries, (7% to FDX and 36% to FDX subsidiaries). These properties are located in twenty different states. The percentage of rental and reimbursement revenue from FDX and its subsidiaries was 54% for the year ended September 30, 2015, consisting of 8% leased to FDX and 46% leased to FDX subsidiaries. No other tenant accounted for 5% or more of the Company’s total Rental and Reimbursement revenue for the fiscal 2015.

The Company's revenue primarily consists of rental and reimbursement revenue from the ownership of industrial rental property. Rental and Reimbursement Revenue increased $13,103,156, or 20%, for the year ended September 30, 2015 as compared to the year ended September 30, 2014. Total expenses (excluding other income and expense) increased $6,885,886, or 20%, for the year ended September 30, 2015 as compared to the year ended September 30, 2014. The increases were due mainly to the revenue and expenses relating to the property acquisitions made during fiscal 2015.

Net Operating Income from property operations (NOI) is defined as recurring Rental and Reimbursement Revenue, less Real Estate Taxes and Operating Expenses, such as insurance, utilities and repairs and maintenance. NOI increased $11,930,616, or 22%, for the fiscal year ended September 30, 2015 as compared to the fiscal year ended September 30, 2014 and increased $7,976,386, or 18%, for the fiscal year ended September 30, 2014 as compared to the fiscal year ended September 30, 2013. The increase from fiscal year 2014 to 2015 was due to the additional income related to ten industrial properties purchased during fiscal 2015. The increase from fiscal year 2013 to 2014 was due to the additional income related to six industrial properties purchased during fiscal 2014.

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The Company's NOI for the fiscal years ended September 30, 2015, 2014 and 2013 is calculated as follows:

	2015	2014	2013
Rental Revenue	$67,059,385	$55,512,165	$46,880,309
Reimbursement Revenue	10,716,112	9,160,176	7,726,777
Total Rental and Reimbursement Revenue	77,775,497	64,672,341	54,607,086
Real Estate Taxes	(8,362,135)	(7,605,611)	(5,864,834)
Operating Expense	(4,127,884)	(3,711,868)	(3,363,776)
NOI	$65,285,478	$53,354,862	$45,378,476

In the first quarter of fiscal 2016 to date, the Company purchased two industrial properties totaling approximately 506,000 square feet with net-leased terms of ten years each. Both properties are leased to FedEx Ground Package System, Inc. The purchase price for the two properties was approximately $50,386,000 and they are located in Louisiana and North Carolina. These two properties generate annualized rental income over the life of their respective leases of approximately $3,336,000. In addition, these two industrial properties purchased during fiscal 2016 to date, increased our current total leasable square feet to approximately 14,425,000 and our occupancy rate to 97.8%. The funds for these acquisitions were provided by two property level mortgage loans totaling $33,670,000, draws on an unsecured line of credit and cash on hand. The two mortgages are at fixed rates ranging from 3.87% to 4.08% and have a weighted average interest rate of 3.95%. Each of these mortgages is a fifteen year, self-amortizing loan.

In addition to the two properties purchased during the first quarter of fiscal 2016 to date, we have entered into agreements to purchase seven new build-to-suit, industrial buildings that are currently being developed in Florida, Kansas, Kentucky, Michigan, New York and Washington totaling approximately 1,869,000 square feet with net-leased terms ranging from ten to fifteen years resulting in a weighted average lease maturity of 14.1 years. Approximately 1,732,000 square feet, or 93%, is leased to FedEx Ground Package System, Inc. The purchase price for the seven properties is approximately $198,804,000. Subject to satisfactory due diligence, we anticipate closing these seven transactions during fiscal 2016 and fiscal 2017. In connection with four of the seven properties, the Company has entered into commitments to obtain four mortgages totaling approximately $92,116,000 at fixed rates ranging from 3.55% to 3.95%, with a weighted average interest rate of 3.81%. Each of these mortgages is a fifteen year, self-amortizing loan. The Company may make additional acquisitions in fiscal 2016 and fiscal 2017 and the funds for these acquisitions may come from mortgages, draws on our unsecured line of credit, cash on hand, sale of marketable securities, other bank borrowings, proceeds from the DRIP, 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, 2015 and 2014, the Company completed twelve expansions at nine of its locations, consisting of eight building expansions and four parking lot expansions. Two of the parking lot expansions included the purchase of additional land. The eight building expansions resulted in approximately 438,000 additional square feet. Total costs for all nine property expansions were approximately $39,460,000 and resulted in total increased annual rent of approximately $4,007,000. Each completed expansion resulted in a new ten year lease extension for each property that was expanded. In addition, the Company currently has three property expansions in progress consisting of two building expansions and one parking lot expansion. Total expansion costs are expected to be approximately $7,765,000. Upon completion of the three expansions, annual rent will be increased by approximately $777,000 and each property will provide for a new ten year lease extension from the date of completion for each property being expanded. In addition, the two building expansions will provide additional rentable square feet of approximately 65,700.

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Revenues also include interest and dividend income and net realized gain on securities transactions. The Company holds a portfolio of marketable securities of other REITs with a fair value of $54,541,237 as of September 30, 2015. 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, 2015 and 2014, there were no draws against the margin. The REIT securities portfolio provides the Company with additional liquidity and additional income and serves as a proxy for real estate when more favorable risk adjusted returns are not available. As of September 30, 2015, the Company's portfolio consisted primarily of 73% REIT common stocks and 27% REIT preferred stocks. The Company's weighted-average yield on the securities portfolio for fiscal 2015 was approximately 7.6%. Interest and dividend income for fiscal 2015 was $3,723,867, which is in-line with interest and dividend income of $3,882,597 for fiscal 2014. During fiscal 2015, the Company realized $805,513 in gains on sales of securities transactions. The Company has unrealized losses of $5,441,603 in its REIT securities portfolio as of September 30, 2015. 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 $12,073,909 in cash and cash equivalents and $54,541,237 in REIT securities as of September 30, 2015. The Company believes that funds generated from operations, the DRIP, the unsecured line of credit, together with the ability to finance and refinance its properties, will provide sufficient funds to adequately meet its obligations over the next several years.

The Company has a Dividend Reinvestment and Stock Purchase Plan (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 $8,489,169, $7,624,528 and $6,781,345 for fiscal years ended 2015, 2014 and 2013, respectively), were $48,404,556, $38,090,334 and $31,119,351 for fiscal years ended 2015, 2014 and 2013, respectively.

Industrial space demand is very closely correlated to Gross Domestic Product (GDP) growth. Despite six years of unprecedented monetary stimulus, real annual GDP growth has averaged under 2.0% over this period. However, there has been significant demand for industrial space and national occupancy rates have been steadily increasing. One major catalyst driving increased demand for the industrial property type has been the ongoing shift from traditional brick and mortar retail shopping, to shopping on-line or "e-Commerce". This favorable trend for the industrial real estate sector has been increasing for several years now and is expected to be a leading demand driver for many years to come. New home construction and sales of existing homes have vastly improved. Housing demand typically translates into greater demand for warehouse space. Additionally, automotive sales are at historic highs and low energy costs have resulted in a resurgence of domestic manufacturing plants. These catalysts have put upward pressure on rental rates in most major industrial markets. The financial position of our tenants, together with the long duration of our leases, should enable the Company to perform well despite the slow growth economic environment.

The Company intends to continue to increase its real estate investments in fiscal 2016 and 2017 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. Transaction costs, such as broker fees, transfer taxes, legal, valuation, and other professional fees related to acquisitions are expensed as incurred.

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.

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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 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 a permanent 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. Transaction costs, such as broker fees, transfer taxes, legal, accounting, valuation, and other professional and consulting fees, related to acquisitions are expensed as incurred.

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 rates over the remaining lease 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. 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 when there is a signed termination agreement, all of the conditions of the termination agreement are met, the tenant is no longer occupying the property and the termination consideration, if any, is probable of collection.

The Company conducted a comprehensive review of all real estate asset classes in accordance with ASC Topic 360, 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.

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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.

The process entails the analysis of property for instances where the net book value exceeds the estimated fair value. In accordance with ASC Topic 360, 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 have evaluated our shopping center in Somerset, NJ which had an occupancy rate of 84% as of September 30, 2015, and noted that the sum of the discounted cash flows exceeded its historical net cost basis. In addition, the Company has entered into three separate leasing agreements that have become or will become effective subsequent to September 30, 2015, at which time the Company's shopping center will be 100% occupied. We have also evaluated the three vacant industrial properties in our portfolio and noted that the sum of the discounted cash flows expected for potential leases of these properties exceeded their historical net cost basis. In addition, the Company has entered into two separate lease agreements for two of these vacant properties. One of the leases has commenced on December 1, 2015 and one of the lease agreements will commence January 1, 2016. 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 typically will obtain an independent appraisal to assist in evaluating a potential impairment for a property that 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.

The Company reviewed its operating properties in light of the requirements of ASC Topic 360-10 and determined that, as of September 30, 2015, 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. 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.

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The Company classifies its securities among three categories: Held-to-maturity, trading, and available-for-sale. The Company's securities at September 30, 2015 and 2014 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 accounts receivable and loans receivable is necessary. The allowance for doubtful accounts reflects management's estimate of the amounts of the recorded accounts receivable and loans receivable 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, 2015.

Lease Termination Income

Lease Termination Income is recognized in operating revenues when there is a signed termination agreement, all of the conditions of the agreement have been met, the tenant is no longer occupying the property and the termination consideration 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, 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.

Lease Termination Income for the fiscal year ended September 30, 2014 consisted of $1,182,890 from the Company's former tenant at its 83,000 square foot building located in Roanoke, VA. Lease Termination Income for the fiscal year ended September 30, 2013 consisted of $113,784 from the Company's former tenant at its 388,671 square foot building located in St. Joseph, MO and $576,946 from the Company's former tenant at its 160,000 square foot building located in Monroe, NC. Two of the properties associated with these lease termination fees are currently being leased to new tenants and the remaining property was subsequently leased to a new tenant then sold to that tenant. The Company is currently leasing its property located in St. Joseph, MO to two tenants, one tenant through September 30, 2017 and one tenant through February 28, 2018. The Company was leasing its building in Monroe, NC to a single tenant through September 18, 2015, at which time the Company sold the property to the tenant realizing a gain of approximately $5,021,000. In addition, as further described below, the Company is currently leasing its 83,000 square foot building in Roanoke, VA to a single tenant through January 31, 2025.

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The Company’s lease with its tenant, Graybar Electric Company (Graybar), at its 26,340 square foot building located in Ridgeland (Jackson), MS has an early termination option which may be exercised at any time on the condition that the Company is provided with six months of notice. The Company has not received notice nor does the Company anticipate that this tenant will exercise its early termination option. Annual rent on both the U.S. GAAP straight-line rent basis and on the cash basis for this location is $109,275, or $4.15 per square foot, and the lease expires in July 2019.

The Company’s lease with its tenant, CHEP USA, Inc. (CHEP) at its 83,000 square foot building located in Roanoke, VA has an early termination option which may be exercised after August 2021, on the condition that the Company is provided with six months of notice and CHEP pays the Company a $500,000 termination fee. The U.S. GAAP straight-line rent per annum for this location is $472,680, or $5.69 per square foot and the cash basis rent is $463,786, or $5.59 per square foot. The lease expires in January 2025.

The Company’s lease with its tenant, Pittsburgh Glass Works, LLC (PGW), at its 102,135 square foot building located in O’Fallon (St. Louis), MO has an early termination option which may be exercised after January 1, 2016 but before December 31, 2016, on the condition that the Company is provided with six months of notice and PGW pays the Company a $213,462 termination fee. Additionally, PGW has an early termination option which may be exercised after January 1, 2017, on the condition that the Company is provided with six months of notice and PGW pays the Company a $106,731 termination fee. Annual rent on both the U.S. GAAP straight-line rent basis and on the cash basis for this location is $426,924, or $4.18 per square foot and the lease expires in June 2018.

Other than the Company’s leases with Graybar, CHEP and PGW, the Company does not have any other leases that contain an early termination option.

Results of Operations

Occupancy and Rent per Occupied Square Foot

The Company’s weighted-average lease expiration was 7.2 and 6.7 years as of September 30, 2015 and 2014, respectively, and its average annualized rent per occupied square foot as of September 30, 2015 and 2014 was $5.48 and $5.51, respectively. At September 30, 2015 and 2014, the Company’s occupancy was 97.7% and 95.9%, respectively. All improved properties were 100% occupied at September 30, 2015 except for the following:

Property	Square Footage	Occupancy

Fayetteville, NC (1)	148,000	0%
Winston-Salem, NC (2)	106,507	0%
Somerset, NJ (3)	64,138	84%
White Bear Lake, MN	59,425	0%

(1) The Company entered into a 5.25 year lease agreement for its 148,000 square foot building located in Fayetteville, NC through February 28, 2021. The lease commenced December 1, 2015 and is with Victory Packaging, L.P., a wholly-owned subsidiary of KapStone Paper and Packaging Corporation, a publicly-owned company. The initial annual rent of $469,160, representing $3.17 per square foot, will commence on March 1, 2016 with 2.5% annual increases thereafter.

(2) The Company entered into a 5.25 year lease agreement for its 106,507 square foot building located in Winston-Salem, NC through March 31, 2021. The lease is with Style Crest, Inc. and will commence on January 1, 2016. Initial annual rent of $356,798, representing $3.35 per square foot, will commence on April 1, 2016 with 3.0% annual increases thereafter.

(3) The Company has entered into three leasing agreements that have become or will become effective subsequent to September 30, 2015, at which time the Company’s 64,138 square foot shopping center will be 100% occupied.

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Fiscal 2015 renewals

Approximately 6% of the Company's gross leasable area, consisting of six leases totaling 778,702 square feet, were scheduled to expire during fiscal 2015. The Company has renewed all six leases, or 100% of the gross leasable area that were scheduled to expire during fiscal 2015. The Company has incurred or expects to incur tenant improvement costs of approximately $665,200 and leasing costs of approximately $438,300 in connection with these six lease renewals. The table below summarizes the lease terms of the six leases which were renewed and includes both the tenant improvement costs and the leasing 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)
Orangeburg, NY	Kellogg Sales Co.	50,400	$ 7.00	$ 7.00	2/28/15	$ 6.50	$ 6.50	2/28/18	3.0	$ 0.21	$ 0.26
Hanahan, SC	SAIC (2)	302,400	4.25	4.54	4/29/15	4.79	4.65	4/30/19	4.3	0.22	0.28
Montgomery, IL	Home Depot	171,200	5.11	5.27	6/30/15	5.70	5.48	6/30/20	5.0	-0-	-0-
O'Fallon, MO	Pittsburgh Glass Works	102,135	4.18	4.18	6/30/15	4.18	4.18	6/30/18	3.0	0.99	-0-
Kansas City, MO	Kellogg Sales Co.	65,067	5.38	5.38	7/31/15	5.00	5.00	7/31/18	3.0	0.22	0.20
Ft. Myers, FL	FedEx Ground	87,500	4.76	4.76	10/31/14	4.95	4.95	10/31/16	2.0	-0-	-0-
	Total	778,702									
Weighted Average			$ 4.76	$ 4.91		$ 5.06	$ 4.95		3.8	$ 0.22	$ 0.15

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

(2) In December 2014, 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, 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, SC location through April 29, 2015 at an annualized rent of approximately $1,389,000 or $4.54 per square foot. 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.

The six lease renewals resulted in an additional weighted average lease term of 3.8 years and a U.S. GAAP straight-line weighted average lease rate of $5.06 per square foot. The renewed weighted average initial cash rent per square foot is $4.95. This compares to the former weighted average rent on a U.S. GAAP straight-line basis of $4.76 per square foot and the former weighted average cash rent of $4.91 per square foot, representing an increase in the weighted average lease rate of 6% on a U.S. GAAP straight-line basis and an increase in the weighted average lease rate of 1% on a cash basis.

During fiscal 2015, the Company completed work on three building expansions and one parking lot expansion, which resulted in extending the tenants' lease expirations by approximately ten years from the date of completion for each of the three buildings that were expanded and increasing the tenants' rent on each of the four expansions. Prior to the lease amendments being executed, these three properties had a remaining weighted average lease term of 5.7 years at the time of completion of the expansion work. By obtaining an additional ten years of lease term from the date of completion of the expansion work, an additional 4.3 years of weighted average term was added to these three leases. Commencing during fiscal 2015, these four lease amendments have resulted in an annual increase in base rent totaling approximately $1,503,000 on a U.S. GAAP straight-line basis and approximately $1,493,000 on a cash basis. The renewed U.S. GAAP straight-line weighted average lease rate for the properties that were expanded is $6.85 per square foot and the renewed weighted average initial cash rent per square foot is $6.83. This compares to the former weighted average rent of $5.84 per square foot on a U.S. GAAP straight-line basis and on an average cash rent basis, representing an increase in the weighted average lease rate of 17.29% on a U.S. GAAP straight-line basis and an increase in the weighted average lease rate of 16.95% on a cash basis.

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The six leases that renewed, that were scheduled to expire in fiscal 2015, combined with the four leases that were amended due to expansions, resulted in an increase in the weighted average lease rate for these ten properties of 13.3% on a U.S. GAAP straight-line basis and an increase in the weighted average lease rate of 10.1% on a cash basis. In addition, the six leases that renewed combined with the three leases that were amended in connection with building expansions, resulted in an additional 4.0 years of weighted average term being added to these nine leases.

New leasing activity

During January 2015, the Company entered into a thirty-seven month lease agreement commencing February 1, 2015 with Altec Industries, Inc. to lease 126,880 square feet of the Company's 382,880 square foot building located in St. Joseph, MO through February 28, 2018. This increased the occupancy of this building from 67% to 100%. Annual rent commenced March 1, 2015 for $348,920, or $2.75 per square foot. The remaining 256,000 square feet is currently being leased to Woodstream Corporation through September 30, 2017.

During September 2015, the Company entered into a 5.25 year lease agreement for its previously vacant 148,000 square foot building located in Fayetteville, NC through February 28, 2021. The lease commenced December 1, 2015 and is with Victory Packaging, L.P., a wholly-owned subsidiary of KapStone Paper and Packaging Corporation, a publicly-owned company. The initial annual rent of $469,160, representing $3.17 per square foot, will commence on March 1, 2016 with 2.5% annual increases thereafter.

During October 2015, the Company entered into a 5.25 year lease agreement for its previously vacant 106,507 square foot building located in Winston-Salem, NC through March 31, 2021. The lease is with Style Crest, Inc. and will commence on January 1, 2016. Initial annual rent of $356,798, representing $3.35 per square foot, will commence on April 1, 2016 with 3.0% annual increases thereafter. Once this lease to Style Crest, Inc. becomes effective, the Company's overall occupancy rate will increase to 99.5%.

Fiscal 2016 renewals

Approximately 2% of the Company's gross leasable area, consisting of three leases totaling 325,656 square feet, is scheduled to expire during fiscal 2016. The Company has renewed one of these three leases, consisting of 80,856 square feet or 25% of the gross leasable area scheduled to expire during fiscal 2016. The Company has not incurred any tenant improvement costs or any leasing costs in connection with this lease renewal. The table below summarizes the lease terms of the one lease that was renewed and includes both the tenant improvement costs and the leasing 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	Leasing Commissio Cost PSF over Renewal Term
Monaca, PA	Datatel Resources	80,856	$2.87	$2.87	11/30/15	$3.00	$3.00	11/30/17	2.0	$-0-	$-0-

The lease renewal resulted in an additional term of 2.0 years and an initial cash and U.S. GAAP straight-line lease rate of $3.00 per square foot. This compares to the former initial cash and U.S. GAAP straight-line lease rate of $2.87 per square foot, representing an increase in the lease rate of 4.5%. The two remaining leases renewals are under discussion.

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Acquisitions and Expansions During Fiscal 2015

Acquisitions

On October 3, 2014, the Company purchased a newly constructed 163,378 square foot industrial building located in Lindale, TX, which is in the Tyler MSA. The building is 100% net-leased to FedEx Ground Package System, Inc. through June 2024. The purchase price was $10,271,355. The Company obtained a 15 year self-amortizing mortgage of $7,000,000 at a fixed interest rate of 4.57%. Annual rental revenue over the remaining term of the lease is approximately $725,000. In connection with the acquisition, the Company completed its evaluation of the acquired lease. As a result of its evaluation, the Company allocated $341,355 to an Intangible Asset associated with the lease in-place.

On October 10, 2014, the Company purchased a newly constructed 198,773 square foot industrial building located in Sauget, IL, which is in the St. Louis, MO MSA. The building is 100% net-leased to FedEx Ground Package System, Inc. through May 2029. The purchase price was $15,231,000. The Company obtained a 15 year self-amortizing mortgage of $10,660,000 at a fixed interest rate of 4.40%. Annual rental revenue over the remaining term of the lease is approximately $1,036,000. In connection with the acquisition, the Company completed its evaluation of the acquired lease. As a result of its evaluation, the Company allocated $31,000 to an Intangible Asset associated with the lease in-place.

On October 14, 2014, the Company purchased a 38,833 square foot industrial building located in Rockford, IL, which was constructed in 2012. The building is 100% net-leased to B/E Aerospace, Inc. through June 2027. The property was acquired, all-cash, for a purchase price of $5,200,000. Annual rental revenue over the remaining term of the lease is approximately $359,000. In connection with the acquisition, the Company completed its evaluation of the acquired lease. As a result of its evaluation, the Company allocated $100,000 to an Intangible Asset associated with the lease in-place.

On November 25, 2014, the Company purchased a newly constructed 158,417 square foot industrial building located in Kansas City, MO. The building is 100% net-leased to Bunzl Distribution Midcentral, Inc. through September 2021. The purchase price was $9,635,770. The Company obtained a 7 year mortgage, of $7,226,828, amortizing over 25 years at a fixed interest rate of 5.18%. Annual rental revenue over the remaining term of the lease is approximately $736,000. In connection with the acquisition, the Company completed its evaluation of the acquired lease. As a result of its evaluation, the Company allocated $35,770 to an Intangible Asset associated with the lease in-place.

On December 12, 2014, the Company purchased a newly constructed 599,840 square foot industrial building located in Frankfort, KY, which is in the Lexington MSA. The building is 100% net-leased to Jim Beam Brands Company through January 2025. The purchase price was $28,000,000. The Company obtained a 10 year mortgage, of $19,600,000 at a fixed interest rate of 4.84% with an amortization schedule as follows: amortizing over 18 years during the first 30 months, amortizing over 14 years during the next 30 months, amortizing over 11 years during the next 30 months and amortizing over 8 years during the final 30 months. Annual rental revenue over the remaining term of the lease is approximately $1,989,000. In connection with the acquisition, the Company completed its evaluation of the acquired lease. As a result of its evaluation, the Company has not allocated any amount to an Intangible Asset.

On February 26, 2015, the Company purchased a newly constructed 297,579 square foot industrial building located in Jacksonville, FL. The building is 100% net-leased to FedEx Ground Package System, Inc. through December 2029. The purchase price was $30,645,954. The Company obtained a 15 year self-amortizing mortgage of $20,000,000 at a fixed interest rate of 3.93%. Annual rental revenue over the remaining term of the lease is approximately $1,992,000. In connection with the acquisition, the Company completed its evaluation of the acquired lease. As a result of its evaluation, the Company has not allocated any amount to an Intangible Asset.

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On March 13, 2015, the Company purchased a newly constructed 232,200 square foot industrial building located in Monroe, OH, which is in the Cincinnati MSA. The building is 100% net-leased to UGN, Inc. through February 2030. The purchase price was $13,416,000. The Company obtained a 15 year self-amortizing mortgage of $8,700,000 at a fixed interest rate of 3.77%. Annual rental revenue over the remaining term of the lease is approximately $1,045,000. In connection with the acquisition, the Company completed its evaluation of the acquired lease. As a result of its evaluation, the Company allocated $479,000 to an Intangible Asset associated with the lease in-place.

On May 7, 2015, the Company purchased a newly constructed 671,354 square foot industrial building located in Greenwood, IN, which is in the Indianapolis MSA. The building is 100% net-leased to ULTA, Inc. through July 2025. The purchase price was $37,484,574. The Company obtained a 15 year self-amortizing mortgage of $24,286,230 at a fixed interest rate of 3.91%. Annual rental revenue over the remaining term of the lease is approximately $2,644,000. In connection with the acquisition, the Company completed its evaluation of the acquired lease. As a result of its evaluation, the Company has not allocated any amount to an Intangible Asset.

On August 14, 2015, the Company purchased a newly constructed 304,608 square foot industrial building located in Fort Worth, TX, in the Fort Worth Alliance Airport, which is in the Dallas MSA. The building is 100% net-leased to FedEx Ground Package System, Inc. through April 2030. The purchase price was $35,300,832. The Company obtained a 15 year self-amortizing mortgage of $24,700,000 at a fixed interest rate of 3.56%. Annual rental revenue over the remaining term of the lease is approximately $2,362,000. In connection with the acquisition, the Company completed its evaluation of the acquired lease. As a result of its evaluation, the Company has not allocated any amount to an Intangible Asset.

On September 25, 2015, the Company purchased a 63,840 square foot industrial building located in Cincinnati, OH, which was constructed in 2014. The building is 100% net-leased to The American Bottling Company through August 2029. The lease is guaranteed by the parent company, Dr Pepper Snapple Group, Inc. The property was acquired, all-cash, for a purchase price of $6,800,000. Annual rental revenue over the remaining term of the lease is approximately $480,000. In connection with the acquisition, the Company completed its evaluation of the acquired lease. As a result of its evaluation, the Company allocated $50,000 to an Intangible Asset associated with the lease in-place.

FedEx Ground Package System, Inc.'s ultimate parent, FedEx Corporation, B/E Aerospace, Inc., ULTA Inc.'s ultimate parent, Ulta Salon, Cosmetics & Fragrance, Inc. and The American Bottling Company's ultimate parent, Dr Pepper Snapple Group, Inc. are publicly-owned companies and financial information related to these entities is available at the SEC's website, www.sec.gov. Jim Beam Brands Company's ultimate parent, Suntory Beverage & Food Limited is a publicly-owned company and financial information related to this entity is available at the Tokyo Stock Exchange's website, www.jpx.co.jp/english and Bunzl Distribution Midcentral, Inc.'s ultimate parent, Bunzl plc is a publicly-owned company and financial information related to this entity is available at the U.K. government's website, https://www.gov.uk/government/organisations/companies-house. The references in this report to the SEC's website, the Tokyo Stock Exchange's website and the U.K. government's website are not intended to and do not include or incorporate by reference into this report the information on those websites.

Disposition

On September 18, 2015, the Company sold its 160,000 square foot industrial building located in Monroe, NC for $9,000,000, with net sale proceeds to the Company of approximately $8,847,000. The property was sold to Charlotte Pipe and Foundry Company, the tenant that was leasing the property from the Company through July 31, 2017 at an annual rental rate of approximately $571,000. The Company purchased this property in 2001 and it had a historic cost basis of approximately $5,557,000 and a net book value (net of accumulated depreciation) of approximately $3,825,000. The sale resulted in a realized gain of approximately $5,021,000, representing a 131% gain over the depreciated U.S. GAAP basis and a realized gain on a historic cost of approximately $3,290,000, representing a 59% gain over the Company’s historic cost basis.

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Expansions

During December 2014, a 62,260 square foot expansion of a building leased to NF&M International, Inc. located in Monaca, PA was completed for a cost of approximately $4,503,000, resulting in a new 10 year lease which extended the current lease expiration date from September 30, 2018 to December 31, 2024. In addition, the expansion resulted in an initial increase in annual rent effective January 1, 2015 from $381,805, or $3.39 per square foot, to $820,000, or $4.69 per square foot. Furthermore, annual rent will increase in year five of the lease effective January 1, 2020 to $841,600, or $4.81 per square foot, resulting in an annualized rent over the new ten year period of $830,800, or $4.75 per square foot.

During June 2015, a parking lot expansion for a property leased to FedEx Ground Package System, Inc. located in El Paso, TX was completed for a cost of approximately $2,472,000 resulting in an increase in annual rent effective July 1, 2015 from $1,045,610, or $7.25 per square foot to $1,345,289, or $9.33 per square foot.

During June 2015, a 38,428 square foot expansion of a building leased to FedEx Ground Package System, Inc. located in Oklahoma City, OK was completed for a cost of approximately $3,332,000, resulting in a new 10 year lease which extended the current lease expiration date from March 31, 2022 to June 30, 2025. In addition, the expansion resulted in an increase in annual rent effective August 1, 2015 from $712,532, or $5.94 per square foot, to $1,048,250, or $6.62 per square foot.

During August 2015, a 48,116 square foot expansion of a building leased to FedEx Ground Package System, Inc. located in Waco, TX was completed for a cost of approximately $4,125,000, resulting in a new 10 year lease which extended the current lease expiration date from May 29, 2022 to August 31, 2025. In addition, the expansion resulted in an increase in annual rent effective August 15, 2015 from $659,324, or $6.43 per square foot, to $1,078,383, or $7.16 per square foot.

Comparison of Year Ended September 30, 2015 to Year Ended September 30, 2014

The following tables summarize the Company's rental revenue, reimbursement revenue, real estate taxes, operating expenses, and depreciation expense by category. For the purposes of the following discussion, same store properties are properties owned as of October 1, 2013 that have not been subsequently expanded or sold.

Acquired properties are properties that were acquired subsequent to September 30, 2013. Sixteen properties were acquired during fiscal 2015 and fiscal 2014. Acquired properties include the properties located in Buckner, KY; Edwardsville (Kansas City), KS; Spring (Houston), TX; Altoona, PA; Tulsa, OK and Indianapolis, IN, (all acquired in fiscal 2014) and Lindale (Tyler), TX; Sauget (St. Louis, MO), IL; Rockford, IL; Kansas City, MO; Frankfort

(Lexington), KY; Jacksonville, FL; Monroe (Cincinnati), OH; Greenwood (Indianapolis), IN; Fort Worth (Dallas), TX and Cincinnati, OH (all acquired in fiscal 2015).

Nine property expansions were completed during fiscal 2015 and fiscal 2014. Expanded properties include the properties located in Ft. Mill (Charlotte, NC), SC; Richfield (Cleveland), OH; El Paso, TX; Tampa, FL (FedEx Ground); Cocoa, FL, Monaca, PA (NF&M); Oklahoma City, OK and Waco, TX. In addition, the property located in Spring (Houston), TX was expanded, however its activity is included in Acquired properties.

Sold property is one property located in Monroe, NC that was sold on September 18, 2015.

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As of September 30, 2015 and 2014, the occupancy rates of the Company's total property portfolio were 97.7% and 95.9%, respectively.

Rental Revenues	2015	2014	$ Change	% Change	
Same Store Properties	$42,414,601	$42,109,581	$305,020	1	%
Acquired Properties	15,118,514	5,542,626	9,575,888	173	%
Expanded Properties	8,985,030	7,766,625	1,218,405	16	%
Sold Property	541,240	93,333	447,907	480	%
Total	$67,059,385	$55,512,165	$11,547,220	21	%

The increase in rental revenues is mainly due to the increase from the newly acquired properties and expanded properties. Rental revenue from same store properties increased due to the increase in same store occupancy which increased 160 basis points from 94.5% as of September 30, 2014 to 96.1% as of September 30, 2015. In addition the rental revenue from same store properties increased due to an increase in rental rates for the renewed leases as described in the lease renewals and extensions table during fiscal 2015. The rental revenue from the sold property increased because the property was vacant prior to August 2014.

Reimbursement Revenues	2015	2014	$ Change	% Change	
Same Store Properties	$7,950,687	$7,366,341	$584,346	8	%
Acquired Properties	960,793	183,274	777,519	424	%
Expanded Properties	1,774,622	1,607,230	167,392	10	%
Sold Property	30,010	3,331	26,679	801	%
Total	$10,716,112	$9,160,176	$1,555,936	17	%

Our single tenant properties are subject to net-leases which require the tenants to absorb the real estate taxes, insurance and the majority of the repairs and maintenance. As such, the Company is reimbursed by the tenants for these expenses. Therefore, the total increase in reimbursement revenues is partially offset by the increase in real estate taxes, increase in insurance expense and increase in operating expenses. In addition, the increase in reimbursement revenues for same store properties is partially due to the increase in same store occupancy which enabled us to be reimbursed by our tenants for these expenses on properties that were previously vacant. Same store occupancy increased 160 basis points from 94.5% as of September 30, 2014 to 96.1% as of September 30, 2015. The increase in reimbursement revenues is mainly due to increases in real estate taxes, insurance expenses and operating expenses from the newly acquired properties.

Real Estate Taxes	2015	2014	$ Change	% Change	
Same Store Properties	$6,180,550	$6,164,615	$15,935	0	%
Acquired Properties	667,355	99,470	567,885	571	%

Expanded Properties	1,440,506	1,263,916	176,590	14 %
Sold Property	73,724	77,610	(3,886)	(5)%
Total	$8,362,135	$7,605,611	$756,524	10 %

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The increase in real estate taxes is mainly due to the increase from the newly acquired properties as well as increased assessment values on expanded properties.

Operating Expenses	2015	2014	$ Change	% Change
Same Store Properties	$3,159,415	$3,027,025	$132,390	4 %
Acquired Properties	426,706	123,855	302,851	245 %
Expanded Properties	508,782	469,243	39,539	8 %
Sold Property	32,981	91,745	(58,764)	(64)%
Total	$4,127,884	$3,711,868	$416,016	11 %

The increase in operating expenses is mainly due to the increase from the newly acquired properties.

Depreciation	2015	2014	$ Change	% Change
Same Store Properties	$12,467,619	$12,226,797	$240,822	2 %
Acquired Properties	4,823,387	1,563,716	3,259,671	208 %
Expanded Properties	2,283,696	1,988,244	295,452	15 %
Sold Property	130,618	130,012	606	0 %
Total	$19,705,320	$15,908,769	$3,796,551	24 %

The increase in depreciation expense is mainly due to the increase from the newly acquired properties. Depreciation expense from same store properties and expanded properties increased mainly due to additional tenant improvements being depreciated within fiscal 2015.

Interest Expense	2015	2014	$ Change	% Change
Same Store Properties	$10,183,806	$11,398,877	$(1,215,071)	(11 %)
Acquired Properties	4,985,596	1,614,254	3,371,342	209 %
Expanded Properties	1,858,525	2,009,346	(150,821)	(8)%
Sold Property	71,287	65,876	5,411	8 %
Loans Payable	1,458,936	1,016,325	442,611	44 %
Total	$18,558,150	$16,104,678	$2,453,472	15 %

The increase in interest expense is mainly due to the acquisition of new properties. Interest expense for same store properties decreased mainly due to the decrease in the outstanding balances of the mortgages and the reduction in the weighted average interest rate. The reduction in the outstanding mortgages balance is due to the payoff of five loans during fiscal 2015 totaling $11,176,087 and regularly scheduled principal amortization payments made during fiscal

2015. The weighted average interest rate on the Company's fixed rate debt as of September 30, 2015 was 4.85% as compared to 5.24% as of September 30, 2014. Loans payable interest expense increased due to the higher weighted average Loans Payable balance maintained during fiscal 2015 as compared to fiscal 2014.

Acquisition Costs

Acquisition costs increased $1,064,208, or 221% during fiscal 2015 as compared to fiscal 2014. The increase is due to the increase in acquisitions during fiscal 2015. Ten properties totaling approximately $191,985,000 were acquired during fiscal 2015 as compared to six properties totaling approximately $97,807,000 that were acquired during fiscal 2014.

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General and Administrative Expenses

General and administrative expenses increased $595,991, or 10%, during fiscal 2015 as compared to fiscal 2014. The increase is mainly due to an increase in compensation expense and additional personnel.

Amortization of Financing Costs

Amortization of financing costs increased $560,271, or 77%, during fiscal 2015 as compared to fiscal 2014. The increase is mainly due to the write off of the unamortized deferred loan costs totaling $466,634 associated with four loans that were repaid prior to maturity, one loan repaid prior to maturity in conjunction with the sale of the property located in Monroe, NC and the repayment of the former line of credit facility prior to its maturity.

Interest and Dividend Income

Interest and dividend income for fiscal 2015 was $3,723,867 which is in-line with interest and dividend income of $3,882,597 for fiscal 2014. This is mainly due to the relatively same average carrying value of the REIT securities portfolio during the fiscal year ended September 30, 2015 compared to during the fiscal year September 30, 2014. The REIT securities portfolio weighted average yield for fiscal 2015 was approximately 7.6% as compared to 7.4% for fiscal 2014.

Gain on Sale of Real Estate Investment

Gain on sale of real estate investment for fiscal 2015 represents the gain recognized from the sale of the Company's 160,000 square foot industrial building located in Monroe, NC for $9,000,000, with net sale proceeds to the Company of approximately $8,847,000. The property was sold to Charlotte Pipe and Foundry Company, the tenant that was leasing the property from the Company through July 31, 2017 at an annual rental rate of approximately $571,000. The Company purchased this property in 2001 and it had a historic cost basis of approximately $5,557,000 and a net book value (net of accumulated depreciation) of approximately $3,825,000. Under U.S. GAAP, the sale resulted in a realized gain of $5,021,242, representing a 131% gain over the depreciated U.S. GAAP basis and a realized gain on a historic cost of approximately $3,290,000, representing a 59% gain over the Company's historic cost basis. There were no sales of real estate investments during fiscal 2014.

Realized Gain on Sales of Securities Transactions, net

Realized gain on sales of securities transactions, net consisted of the following:

	2015	2014
Gross realized gains	$880,424	$2,222,424
Gross realized losses	(74,911)	(55,658)
Total Realized Gain on Sales of Securities Transactions, net	$805,513	$2,166,766

The Company had an accumulated net unrealized loss on its securities portfolio of $5,441,603 as of September 30, 2015.

Comparison of Year Ended September 30, 2014 to Year Ended September 30, 2013

The following tables summarize the Company's rental revenue, reimbursement revenue, real estate taxes, operating expenses, and depreciation expense by category. For the purposes of the following discussion, same store properties are properties owned as of October 1, 2012 that have not been subsequently expanded.

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Acquired properties are properties that were acquired subsequent to September 30, 2012. Twelve properties were acquired during fiscal 2014 and fiscal 2013. Acquired properties include the properties located in Livonia (Detroit), MI; Olive Branch, MS (Milwaukee Electric Tool Corp.); Roanoke, VA; Green Bay, WI; and Stewartville (Rochester), MN, (all acquired in fiscal 2013) and Buckner, KY; Kansas City, KS; Spring (Houston), TX; Altoona, PA; Tulsa, OK and Indianapolis, IN, (all acquired in fiscal 2014).

Seven property expansions were completed during fiscal 2014 and fiscal 2013. Expanded properties include the properties located in Orion, MI; Ft. Mill (Charlotte, NC), SC; Richfield (Cleveland), OH; El Paso, TX; Tampa, FL (FedEx Ground) and Cocoa, FL. In addition, the property located in Spring (Houston), TX was expanded, however its activity is included in Acquired Properties.

As of September 30, 2014 and 2013, the occupancy rates of the Company's total property portfolio were 95.9% and 96.0%, respectively.

Rental Revenues	2014	2013	$ Change	% Change
Same Store Properties	$37,563,925	$38,259,722	$(695,797)	(2)%
Acquired Properties	10,186,377	2,676,932	7,509,445	281%
Expanded Properties	7,761,863	5,943,655	1,818,208	31%
Total	$55,512,165	$46,880,309	$8,631,856	18%

The increase in rental revenues is mainly due to the increase from the newly acquired properties and expanded properties. Rental revenue from same store properties decreased slightly mainly due to a reduction in rental rates for the renewed leases during fiscal 2014.

Reimbursement Revenues	2014	2013	$ Change	% Change
Same Store Properties	$6,834,424	$5,993,341	$841,083	14%
Acquired Properties	983,099	668,857	314,242	47%
Expanded Properties	1,342,653	1,064,579	278,074	26%
Total	$9,160,176	$7,726,777	$1,433,399	19%

Our single tenant properties are subject to net-leases which require the tenants to absorb the real estate taxes, insurance and the majority of the repairs and maintenance. As such, the Company is reimbursed by the tenants for these expenses. Therefore, the total increase in reimbursement revenues is partially offset by the increase in real estate taxes, increase in insurance expense and the increase in operating expenses. The increase in reimbursement revenues is due to the increase in real estate taxes, increase in insurance expense and increase in operating expenses from the newly acquired properties and the same store properties.

Real Estate Taxes	2014	2013	$ Change	% Change
Same Store Properties	$5,768,803	$4,733,817	$1,034,986	22 %
Acquired Properties	813,498	342,207	471,291	138 %
Expanded Properties	1,023,310	788,810	234,500	30 %
Total	$7,605,611	$5,864,834	$1,740,777	30 %

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Real estate taxes from same store properties increased mainly due to the Company's ability to obtain refunds that were received in 2013 and general increases in real estate tax rates.

Operating Expenses	2014	2013	$ Change	% Change
Same Store Properties	$2,907,630	$2,679,299	$228,331	9 %
Acquired Properties	376,613	342,170	34,443	10 %
Expanded Properties	427,625	342,307	85,318	25 %
Total	$3,711,868	$3,363,776	$348,092	10 %

Operating expenses from same store properties increased mainly due to increases in insurance premiums, professional fees and repairs and maintenance.

Depreciation	2014	2013	$ Change	% Change
Same Store Properties	$11,003,160	$10,709,739	$293,421	3 %
Acquired Properties	3,024,199	695,946	2,328,253	335 %
Expanded Properties	1,881,410	1,458,857	422,553	29 %
Total	$15,908,769	$12,864,542	$3,044,227	24 %

The increase in depreciation expense is mainly due to the increase from the newly acquired properties. Depreciation from same store properties increased slightly mainly due to additional tenant improvements being depreciated within fiscal 2014.

Interest Expense	2014	2013	$ Change	% Change
Same Store Properties	$9,816,247	$11,140,778	$(1,324,531)	(12)%
Acquired Properties	3,116,684	903,039	2,213,645	245 %
Expanded Properties	2,155,424	2,299,984	(144,560)	(6 %)
Loans Payable	1,016,323	613,153	403,170	66 %
Total	$16,104,678	$14,956,954	$1,147,724	8 %

The increase in interest expense is mainly due to the acquisition of new properties. Interest expense for same store properties decreased mainly due to the decrease in the outstanding balances of the mortgages and the reduction in the weighted average interest rate. The reduction in the outstanding mortgage balance is due to the payoff of five loans during fiscal 2014 totaling $4,176,804 and regularly scheduled principal amortization payments made during fiscal 2014. The weighted average interest rate on the Company's fixed rate debt as of September 30, 2014 was 5.24% as compared to 5.63% as of September 30, 2013. Loans payable interest expense increased due to the higher weighted average Loans Payable balance maintained during fiscal 2014 as compared to fiscal 2013.

General and Administrative Expenses

General and administrative expenses increased $726,992, or 15%, during fiscal 2014 as compared to fiscal 2013. The increase is mainly related to an increase in compensation expense.

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Interest and Dividend Income

Interest and dividend income for fiscal 2014 was $3,882,597 which is in line with interest and dividend income of $3,885,920 for fiscal 2013. This is mainly due to the relatively same average carrying value of the REIT securities portfolio during the fiscal year ended September 30, 2014 compared to during the fiscal year September 30, 2013. The REIT securities portfolio weighted average yield for fiscal 2014 was approximately 7.4% as compared to 7.0% for fiscal 2013.

Realized Gain on Sales of Securities Transactions, net

Realized gain on sales of securities transactions, net consisted of the following:

	2014	2013
Gross realized gains	$2,222,424	$7,176,022
Gross realized losses	(55,658)	(42,770)
Total Realized Gain on Sales of Securities Transactions, net	$2,166,766	$7,133,252

The Company had an accumulated net unrealized gain on its securities portfolio of $121,356 as of September 30, 2014.

Discontinued Operations

Discontinued Operations during the fiscal year ended September 30, 2013 included the operations for 4.5 months of the Company's 40,560 square foot building located in Greensboro, NC, which was classified as Held for Sale and sold on February 19, 2013 for net sale proceeds of $1,413,891. Since this property, classified as Held for Sale, was sold prior to fiscal 2014, no activity is reflected as Discontinued Operations in fiscal 2014 or 2015.

The following table summarizes the components of discontinued operations for the fiscal year ended September 30, 2013:

	2013

Rental and Reimbursement Revenue	$32,258
Real Estate Taxes	(28,474)
Operating Expenses	(37,924)
Depreciation & Amortization	(20,094)
Loss from Operations of Disposed Property	(54,234)
Gain on Sale of Real Estate Investment	345,794
Income from Discontinued Operations	$291,560

Cash flows from discontinued operations for the fiscal year ended September 30, 2013 are combined with the cash flows from operations within each of the three categories presented. Cash flows from discontinued operations were as follows:

	2013
Cash flows from Operating Activities	$(29,080)
Cash flows from Investing Activities	1,413,891
Cash flows from Financing Activities	-0-

The absence of cash flows from discontinued operations did not materially affect future liquidity and capital resources.

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Off-Balance Sheet Arrangements and Contractual Obligations

The Company has not entered into any off-balance sheet arrangements. The following is a summary of the Company's contractual obligations as of September 30, 2015:

Contractual Obligations	Total	Less than one year	1-3 years	3-5 years	More than 5 years
Mortgage Notes Payable	$373,991,174	$43,142,783	$93,314,837	$59,576,896	$177,956,658
Interest on Mortgage Notes Payable	87,783,135	17,282,947	26,397,050	17,923,750	26,179,388
Loans Payable	85,041,386	250,732	4,790,654	80,000,000	-0-
Interest on Loans Payable	6,513,962	1,818,961	3,243,001	1,452,000	-0-
Purchase of Properties	249,189,515	196,067,977	53,121,538	-0-	-0-
Expansions of Existing Properties	7,765,000	7,765,000	-0-	-0-	-0-
Retirement Benefits	750,000	50,000	100,000	100,000	500,000
Total	$811,034,172	$266,378,400	$180,967,080	$159,052,646	$204,636,046

Mortgage notes payable represents the principal amounts outstanding by scheduled maturity as of September 30, 2015. Interest is payable on these mortgages at fixed rates ranging from 3.45% to 8.12%, with a weighted average interest rate of 4.85%. As of September 30, 2015, the weighted average loan maturity of the mortgage notes payable is 9.0 years. This compares to a weighted average interest rate of 5.24% as of September 30, 2014 and a weighted average loan maturity of the mortgage notes payable of 7.8 years as of September 30, 2014. The above table does not include $33,670,000 of mortgage loans obtained in connection with the purchases of two properties totaling approximately $50,386,000 during the first quarter of fiscal 2016 to date at fixed interest rates ranging from 3.87% to 4.08%, with a weighted interest rate of 3.95%. In addition, the above table does not include commitments the Company has entered into to obtain four mortgage loans totaling $92,116,000 at fixed interest rates ranging from 3.55% to 3.95%, with a weighted average interest rate of 3.81%. Each of these four mortgage loan commitments are in connection with commitments to purchase four properties totaling approximately $135,279,000. Each of these six mortgages not included in the table above is a fifteen year, self-amortizing loan.

Loans Payable represents a $2,404,341 term loan at an annual interest rate of 4.90%, maturing November 29, 2016, a $2,637,045 term loan at a variable annual interest rate of prime plus 0.75% with a floor of 4.50%, maturing on March 9, 2017, and the draw on our unsecured line of credit facility (the "Facility") of $80,000,000 as of September 30, 2015. The interest rate on the $2,637,045 term loan was 4.50% as of September 30, 2015.

The Facility provides for up to $130,000,000 in available borrowings with a $70,000,000 accordion feature, bringing the total potential availability up to $200,000,000, subject to certain conditions. The Facility matures in August 2019 and has a one-year extension option, at the option of the Company. Availability under the Facility, through December

31, 2016, is based on 70% of the value of the borrowing base properties and is based on 60% of the value of the borrowing base properties, thereafter. The value of the borrowing base properties is determined by applying a 7.0% capitalization rate to the Net Operating Income ("NOI") generated by the Company's unencumbered, wholly-owned industrial properties. Borrowings under the Facility, up to the first 60% of the value of the borrowing base properties, bear interest at LIBOR plus 140 basis points to 220 basis points, depending on the Company's leverage ratio. Borrowings under the Facility in excess of 60% of the value of the borrowing base properties bear interest at LIBOR plus 215 basis points to 295 basis points, depending on the company's leverage ratio. Based on the Company's current leverage ratio, borrowings under the Facility bear interest at LIBOR plus 170 basis points for borrowings up to 60% of the value of the borrowing base properties which was at an interest rate of 1.90% as of September 30, 2015 and LIBOR plus 245 basis points, for borrowings in excess of 60% of the value of the borrowing base properties, which was at an interest rate of 2.65% as of September 30, 2015. As of September 30, 2015 the weighted average interest rate on the $80,000,000 drawn down was 1.98%. The Company’s former $60,000,000 unsecured revolving line of credit was limited to 60% of the value of the borrowing base properties whose value was determined by applying a 7.5% capitalization rate to the NOI generated by the Company’s unencumbered properties. In addition, the former unsecured revolving line of credit bore interest at LIBOR plus 175 basis points to 250 basis points depending on the Company’s leverage ratio. Based on the Company’s current leverage ratio, borrowings under the former unsecured revolving line of credit would have borne interest at LIBOR plus 200 basis points.

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The contractual obligation for interest on Loans Payable amount is determined using an interest rate of 4.50% for the $2,637,045 term loan, 4.90% for the $2,404,341 term loan and 1.98% on the $80,000,000 unsecured line of credit. In addition, the above table does not include the Company's obligation under its available margin loan, for which no amount was outstanding as of September 30, 2015.

Purchase of properties represents the purchase price of nine industrial properties totaling approximately 2,375,000 square feet. Two acquisitions amounting to approximately $50,386,000 and totaling approximately 506,000 square feet were completed during the first quarter of fiscal 2016 to date. The Company expects to close on the remaining seven properties amounting to approximately $198,804,000 and totaling approximately 1,869,000 square feet during the remainder of fiscal 2016 and 2017.

Expansions of existing properties represents the remaining costs expected to be incurred as of September 30, 2015 in connection with three property expansions in progress consisting of two building expansions and one parking lot expansion. Total expansion costs are expected to be approximately $7,765,000. Upon completion of the three expansions, annual rent will be increased by approximately $777,000 and each property will provide for a new ten year lease extension from the date of completion for each property being expanded. In addition, the two building expansions will provide additional rentable square feet of approximately 65,700.

Retirement Benefits of $750,000 represent the total future amount to be paid, on an undiscounted basis, relating to one executive officer, Mr. Eugene W. Landy, the Founder and Chairman of the Board of the Company. These benefits are based upon a specific employment agreement. The agreement does not require the Company to separately fund the obligation and therefore will be paid from the general assets of the Company. The Company has accrued these benefits on a present value basis over the term of the employment agreement.

Liquidity and Capital Resources

The Company operates as a real estate investment trust deriving its income primarily from real estate rental operations. The Company's shareholders' equity increased from $420,631,082 as of September 30, 2014 to $446,010,640 as of September 30, 2015, due the issuance of 4,975,500 shares of common stock in the amount of $48,404,556 through the DRIP, stock compensation expense of $448,895, exercise of stock options consisting of 81,200 shares for total proceeds of $612,410 and net income attributable to common shareholders of $16,998,783. The increases were partially offset by payments of cash distributions paid to common shareholders of $35,522,127 and an increase in Accumulated Other Comprehensive loss of $5,562,959. See further discussion below.

The Company's ability to generate cash adequate to meet its needs is dependent primarily on income from its real estate investments and its securities portfolio, the sale of real estate investments and securities, refinancing of mortgage debt, leveraging of real estate investments, availability of bank borrowings, proceeds from the DRIP, proceeds from public offerings and private placements, and access to the capital markets. Purchases of new properties, payments of expenses related to real estate operations, capital improvement programs, debt service, general and administrative expenses, and distribution requirements place demands on the Company's liquidity.

The Company intends to operate its properties from the cash flows generated by the properties. However, the Company's expenses are affected by various factors, including inflation. Increases in operating expenses raise the breakeven point for a property and, to the extent that they cannot be passed on through higher rent and rent reimbursements, reduce the amount of available cash flow which can adversely affect the market value of the property.

As of September 30, 2015, the Company had $12,073,909 in cash and cash equivalents and $54,541,237 in marketable securities subject to term loans of $5,041,386. In addition, as of September 30, 2015, the Company also had $50,000,000 available on its Facility. The Facility provides for up to $130,000,000 in available borrowings with a $70,000,000 accordion feature, bringing the total potential availability up to $200,000,000, subject to certain conditions.

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The Company has been raising equity capital through its DRIP, registered direct placements and the public sale of common and preferred stock and investing in net-leased industrial properties. The Company believes that funds generated from operations, the DRIP, and bank borrowings, together with the ability to finance and refinance its properties, will provide sufficient funds to adequately meet its obligations over the next few years.

As of September 30, 2015, the Company owned ninety-one properties of which sixty-one are subject to mortgages. On August 27, 2015, the Company entered into an agreement to replace its existing $60,000,000 unsecured revolving line of credit, which was scheduled to mature in June 2016 with a new Facility. The Facility is syndicated with three banks led by BMO Capital Markets ("BMO"), as sole lead arranger, sole book runner, and Bank of Montreal as administrative agent, and includes JPMorgan Chase Bank, N.A. ("J.P. Morgan") and RBC Capital Markets ("RBC") as co-syndication agents. The Facility provides for up to $130,000,000 in available borrowings with a $70,000,000 accordion feature, bringing the total potential availability up to $200,000,000, subject to certain conditions. The Facility matures in August 2019 and has a one-year extension option, at the option of the Company. Availability under the Facility, through December 31, 2016, is based on 70% of the value of the borrowing base properties and is based on 60% of the value of the borrowing base properties, thereafter. The value of the borrowing base properties is determined by applying a 7.0% capitalization rate to the NOI generated by the Company's unencumbered, wholly-owned industrial properties. Borrowings under the Facility, up to the first 60% of the value of the borrowing base properties, bear interest at LIBOR plus 140 basis points to 220 basis points, depending on the Company's leverage ratio. Based on the Company's current leverage ratio, borrowings under the Facility bear interest at LIBOR plus 170 basis points for borrowings up to 60% of the value of the borrowing base properties which was at an interest rate of 1.90% as of September 30, 2015 and LIBOR plus 245 basis points, for borrowings in excess of 60% of the value of the borrowing base properties, which was at an interest rate of 2.65% as of September 30, 2015. As of September 30, 2015 the weighted average interest rate on the $80,000,000 drawn down was 1.98%.

The former $60,000,000 unsecured revolving line of credit was limited to 60% of the value of the borrowing base properties whose value was determined by applying a 7.5% capitalization rate to the NOI generated by the Company’s unencumbered properties. In addition, the former unsecured revolving line of credit bore interest at LIBOR plus 175 basis points to 250 basis points depending on the Company’s leverage ratio. Based on the Company’s current leverage ratio, borrowings under the former unsecured revolving line of credit would have borne interest at LIBOR plus 200 basis points.

In addition, as of September 30, 2015, the Company had Loans Payable of $5,041,386, which consisted of a $2,637,045 term loan secured by 500,000 shares of UMH common stock from The Bank of Princeton and a $2,404,341 term loan secured by 200,000 shares UMH 8.25% Series A preferred stock from Two River Community Bank.

The Company also uses margin loans from time to time for purchasing securities, for temporary funding of acquisitions, and for working capital purposes. The interest rate charged on the margin loans is the bank’s margin rate and was 2.00% as of September 30, 2015 and 2014. The margin loans are due on demand and are collateralized by the Company’s securities portfolio. The Company must maintain a coverage ratio of approximately 50%. At September 30, 2015 and 2014, there were no amounts outstanding under the margin loans.

The Company's focus is on real estate investments. The Company has historically financed purchases of real estate primarily through mortgages.

During fiscal 2015, the Company purchased ten industrial properties totaling approximately 2,729,000 square feet with net-leased terms ranging from seven to fifteen years, resulting in a weighted average lease maturity of 11.9 years. Approximately 964,000 square feet, or 35%, is leased to FedEx Ground Package System, Inc., a subsidiary of FedEx Corporation (FDX). The purchase price for the ten properties was approximately $191,985,000 and they are located in Florida, Illinois, Indiana, Kentucky, Missouri, Ohio and Texas. These ten properties generate annualized rental income over the life of their leases of approximately $13,368,000. The funds for these ten acquisitions were provided by eight property level mortgage loans totaling approximately $122,173,000, draws on an unsecured line of credit and cash on hand. The eight mortgages have a weighted average fixed rate of 4.14% with a weighted average maturity of 13.7 years.

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On September 18, 2015, the Company sold its 160,000 square foot industrial building located in Monroe, NC for $9,000,000, with net sale proceeds to the Company of approximately $8,847,000. The property was sold to Charlotte Pipe and Foundry Company, the tenant that was leasing the property from the Company through July 31, 2017 at an annual rental rate of approximately $571,000. The Company purchased this property in 2001 and it had a historic cost basis of approximately $5,557,000 and a net book value (net of accumulated depreciation) of approximately $3,825,000. The sale resulted in a realized gain of approximately $5,021,000, representing a 131% gain over the depreciated U.S. GAAP basis and a realized gain on a historic cost of approximately $3,290,000, representing a 59% gain over the Company's historic cost basis.

In the first quarter of fiscal 2016 to date, the Company purchased two industrial properties totaling approximately 506,000 square feet with net-leased terms of ten years each. Both properties are leased to FedEx Ground Package System, Inc. The purchase price for the two properties was approximately $50,386,000 and they are located in Louisiana and North Carolina. These two properties generate annualized rental income over the life of their respective leases of approximately $3,336,000. In addition, these two industrial properties purchased during fiscal 2016 to date, increased our current total leasable square feet to approximately 14,425,000 and our occupancy rate to 97.8%. The funds for these acquisitions were provided by two property level mortgage loans totaling $33,670,000, draws on an unsecured line of credit and cash on hand. The two mortgages are at fixed rates ranging from 3.87% to 4.08% and have a weighted average interest rate of 3.95%. Each of these mortgages is a fifteen year, self-amortizing loan.

In addition to the two properties purchased during the first quarter of fiscal 2016 to date, we have entered into agreements to purchase seven new build-to-suit, industrial buildings that are currently being developed in Florida, Kansas, Kentucky, Michigan, New York and Washington totaling approximately 1,869,000 square feet with net-leased terms ranging from ten to fifteen years resulting in a weighted average lease maturity of 14.1 years. Approximately 1,732,000 square feet, or 93%, is leased to FedEx Ground Package System, Inc. The purchase price for the seven properties is approximately $198,804,000. Subject to satisfactory due diligence, we anticipate closing these seven transactions during fiscal 2016 and fiscal 2017. In connection with four of the seven properties, the Company has entered into commitments to obtain four mortgages totaling approximately $92,116,000 at fixed rates ranging from 3.55% to 3.95%, with a weighted average interest rate of 3.81%. Each of these mortgages is a fifteen year, self-amortizing loan. The Company may make additional acquisitions in fiscal 2016 and fiscal 2017 and the funds for these acquisitions may come from mortgages, draws on our unsecured line of credit, cash on hand, sale of marketable securities, other bank borrowings, proceeds from the DRIP, 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.

The Company also invests in marketable securities of other REITs as a proxy for real estate when more favorable risk adjusted returns are not available, for liquidity, and for additional income. The Company generally limits its marketable securities investments to no more than approximately 10% of its undepreciated assets. The Company from time to time may purchase these securities on margin when there is an adequate yield spread. During fiscal 2015, the Company's securities portfolio decreased $4,770,166, due to the sale of securities with a cost of $15,395,967 and an increase in the net unrealized loss of $5,562,959 offset by purchases of $16,188,760. The Company recognized gains on sales of securities of $805,513 in addition to earning interest and dividend income of $3,723,867 during fiscal 2015. There was no margin loan balance as of September 30, 2015 and 2014, respectively.

Cash flows provided by operating activities were $38,062,285, $34,856,285 and $27,463,529 for fiscal years ended September 30, 2015, 2014 and 2013, respectively. The increase in cash flows provided from operating activities from fiscal 2014 to fiscal 2015 and from fiscal 2013 to fiscal 2014 is due to the increased income generated from acquisitions of properties and expanded operations.

Cash flows used by investing activities were $194,469,735, $131,809,697 and $60,373,084 for fiscal years ended September 30, 2015, 2014 and 2013, respectively. Cash flows used in investing activities in fiscal 2015 increased as compared to 2014 due mainly to an increase in purchase of real estate. Cash flows used in investing activities in fiscal 2014 increased as compared to 2013 due mainly to an increase in purchase of real estate and an increase in the purchase of securities in fiscal 2014 as compared to fiscal 2013.

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Cash flows provided by financing activities were $148,006,698, $105,023,561 and $20,663,209 for fiscal years ended September 30, 2015, 2014 and 2013, respectively. Cash flows from financing activities increased in fiscal 2015 as compared to 2014 due mainly to an increase in proceeds from mortgage loans in the amount