

**MONMOUTH REAL ESTATE REPORTS RESULTS FOR  
THE FIRST QUARTER ENDED DECEMBER 31, 2018**

**FREEHOLD, NJ**, February 7, 2019..... Monmouth Real Estate Investment Corporation (NYSE:MNR) reported Net Loss Attributable to Common Shareholders of \$(32,364,000) or \$(0.36) per diluted share for the three months ended December 31, 2018 as compared to Net Income Attributable to Common Shareholders of \$13,313,000 or \$0.17 per diluted share for the three months ended December 31, 2017, representing a per share decrease of 311.8%. The large decrease in our net income this quarter was primarily due to the implementation of a new accounting rule requiring that unrealized gains and losses resulting from our securities investments be reflected on our income statement. During the first quarter of fiscal year 2019, we recognized \$42,627,000 of unrealized losses or \$(0.47) per diluted share. Prior to the adoption of the rule unrealized gains and losses were reflected as a change in our shareholders' equity. During the first quarter of fiscal year 2018, we reported realized gains of \$5,488,000 or \$0.07 per diluted share, including realized gains of \$5,388,000 from the sale of real estate and \$100,000 from the sale of securities. Excluding all non-cash unrealized losses and realized gains, our Net Income Attributable to Common Shareholders for the three months ended December 31, 2018 is \$10,263,000 or \$0.11 per diluted share as compared to \$7,825,000 or \$0.10 per diluted share for the three months ended December 31, 2017, representing a per share increase of 10%. Core Funds from Operations (Core FFO), which excludes unrealized gains or losses from our securities portfolio, were \$21,429,000 or \$0.24 per diluted share for the three months ended December 31, 2018 as compared to \$16,934,000 or \$0.22 per diluted share for the three months ended December 31, 2017, representing an increase in Core FFO per share of 9.1%. Adjusted Funds from Operations (AFFO), which also excludes unrealized and realized gains or losses from our securities portfolio, for the three months ended December 31, 2018 were \$21,022,000 or \$0.23 per diluted share versus \$16,472,000 or \$0.22 per diluted share for the three months ended December 31, 2017, representing an increase in AFFO per share of 4.5%.

A summary of significant financial information for the three months ended December 31, 2018 and 2017 is as follows:

	<b>Three Months Ended December 31,</b>	
	<b>2018</b>	<b>2017</b>
Rental Revenue	\$ 32,617,000	\$ 27,692,000
Reimbursement Revenue	\$ 6,530,000	\$ 5,772,000
Lease Termination Income	\$ -0-	\$ 210,000
Net Operating Income (NOI) (1)	\$ 32,319,000	\$ 27,443,000
Total Expenses	\$ 19,825,000	\$ 16,991,000
Dividend and Interest Income	\$ 4,368,000	\$ 2,864,000
Unrealized Holding Losses Arising During the Period	\$ (42,627,000)	\$ -0-
Gain on Sale of Securities Transactions	\$ -0-	\$ 100,000
Gain on Sale of Real Estate Investments	\$ -0-	\$ 5,388,000
Net Income (Loss)	\$ (27,943,000)	\$ 17,630,000
Net Income (Loss) Attributable to Common Shareholders	\$ (32,364,000)	\$ 13,313,000
Net Income (Loss) Attributable to Common Shareholders Per Diluted Common Share	\$ (0.36)	\$ 0.17
Core FFO (1)	\$ 21,429,000	\$ 16,934,000
Core FFO per Diluted Common Share (1)	\$ 0.24	\$ 0.22
AFFO (1)	\$ 21,022,000	\$ 16,472,000
AFFO per Diluted Common Share (1)	\$ 0.23	\$ 0.22
Dividends Declared per Common Share	\$ 0.17	\$ 0.17
Weighted Avg. Diluted Common Shares Outstanding	90,660,000	76,587,000

A summary of significant balance sheet information as of December 31, 2018 and September 30, 2018 is as follows:

	<b>December 31, 2018</b>	<b>September 30, 2018</b>
Net Real Estate Investments	\$ 1,617,888,000	\$ 1,512,513,000
Securities Available for Sale at Fair Value	\$ 145,810,000	\$ 154,921,000
Total Assets	\$ 1,829,357,000	\$ 1,718,378,000
Fixed Rate Mortgage Notes Payable, net of Unamortized Debt Issuance Costs	\$ 771,705,000	\$ 711,546,000
Loans Payable	\$ 125,815,000	\$ 186,609,000
Total Shareholders' Equity	\$ 905,556,000	\$ 797,906,000

Michael P. Landy, President and CEO, commented on the results for the first quarter of fiscal 2019,

“This is the first quarter in which we adopted the new accounting rule ASU-2016-01. This new rule effectively moves the non-cash changes in our unrealized gains/losses from our balance sheet onto our income statement. Unfortunately, this rule change can result in large quarterly swings, both up and down, in our net income. The performance of our securities portfolio has improved substantially since quarter end. We will continue to report our Core FFO and AFFO results as we always have, as these metrics back out these items, and are more indicative of our recurring performance.”

“We are pleased to report continued growth across multiple fronts. During the quarter we:

- Increased our per share Core FFO to \$0.24, representing a 9.1% increase over both the prior year period as well as sequentially;
- Increased our per share AFFO to \$0.23, representing a 4.5% increase over both the prior year period as well as sequentially;
- Increased our Gross Revenue by 20% over the prior year period to \$43.5 million;
- Increased our Net Operating income by 18% over the prior year period to \$32.3 million;
- Completed our first common stock offering since 2014, with the sale of 9.2 million shares raising net proceeds of \$132.3 million;
- Acquired two new Class A built-to-suit properties comprising 474,000 square feet, for an aggregate cost of \$113.1 million;
- Increased our gross leasable area (GLA) by 13% over the prior year period to 21.6 million square feet;
- Grew our pipeline to include two new build-to-suit properties containing approximately 882,000 total square feet representing an aggregate cost of \$122.4 million, and both are leased for 15-years to Investment Grade tenants;
- Renewed five of twelve leases scheduled to expire in Fiscal 2019. These five leases consist of 803,000 square feet and have a substantial weighted average lease term of 8.4 years;
- Maintained a high occupancy rate, currently at 98.9%;
- Extended our weighted average lease maturity to 8.0 years from 7.9 years in the prior year period;
- Extended our weighted average debt maturity to 11.8 years from 11.5 years in the prior year period;
- Reduced our Net Debt to Adjusted EBITDA to 6.3x from 7.1x in the prior quarter;
- Raised \$22.1 million (including dividend reinvestments of \$4.5 million) from our Dividend Reinvestment and Stock Purchase Plan, representing a 29% participation rate; and
- Subsequent to the quarter end, completed a 154,800 square foot building expansion for a total of \$9.1 million, which resulted in a new 15-year lease. This expansion increased annual rent by approximately \$900,000, to \$1.8 million total annual rent, with 2% annual escalations.”

Mr. Landy stated, “This quarter saw our first common stock offering since 2014, with the sale of 9.2 million shares that generated \$132.3 million in net proceeds. We put a portion of these proceeds to work with the acquisition of two brand-new, Class A properties leased to FedEx Ground with a weighted average lease term of 12.8 years. These acquisitions were purchased for an aggregate cost of \$113.1 million and comprise 474,000 total square feet. Subsequent to quarter end, we completed a 154,800 square foot building expansion that effectively doubled the revenue generated from this asset.”

“Our acquisition pipeline increased during the quarter. We now have agreements to acquire two new build-to-suit properties containing 882,000 total square feet, representing \$122.4 million in acquisitions. Each of these properties is leased for 15 years. One property is leased to Amazon and the other property is leased to FedEx Ground. In keeping with Monmouth’s business model, these Class A assets will be situated in major industrial markets.”

“Notwithstanding the 13% increase in our total common shares outstanding during the quarter, our Core FFO per share increased by 9.1% from the prior year quarter as well as by 9.1% sequentially and our AFFO per share increased by 4.5% from the prior year quarter as well as by 4.5% sequentially. This results in a conservative 74% AFFO dividend payout ratio. As we continue to put the proceeds from our recent equity offering to work, we anticipate continuing to generate meaningful AFFO per share growth going forward.”

“Our portfolio is currently 98.9% occupied, reflecting the mission-critical nature of our properties. Our weighted average lease maturity increased during the quarter to 8.0 years and our weighted average debt maturity increased during the quarter to 11.8 years. With approximately 80% of our rental revenue derived from Investment Grade tenants our income streams have proven to be highly dependable over the long-term. We have put together a very high-quality industrial property portfolio that has and will continue to benefit from the opportunities presented by the digital economy and the evolving global supply chain.”

“Our new annual report is now featured on our website. This report represents an excellent resource for understanding our Company and our future outlook. We strongly encourage you to read it. Please contact our Investor Relations department if you would like to receive a hard copy. We look forward to reporting continued progress throughout the year.”

Monmouth Real Estate Investment Corporation will host its First Quarter FY 2019 Financial Results Webcast and Conference Call on Friday, February 8, 2019 at 10:00 a.m. Eastern Time. Senior management will discuss the results, current market conditions and future outlook.

Our First Quarter FY 2019 financial results being released herein will be available on our website at [www.mreic.reit](http://www.mreic.reit) in the Investor Relations section, under Filings and Reports.

To participate in the **Webcast**, select the **1Q2019 Webcast and Earnings Call** “Link to Webcast” on the homepage of our website at [www.mreic.reit](http://www.mreic.reit), in the Highlights section, which is located towards the bottom of the homepage. Interested parties can also participate via **conference call** by calling toll free 1-877-510-5852 (domestically) or 1-412-902-4138 (internationally).

The replay of the conference call will be available at 12:00 p.m. Eastern Time on Friday, February 8, 2019. It will be available until May 1, 2019, and can be accessed by dialing toll free 1-877-344-7529 (domestically) and 1-412-317-0088 (internationally) and entering the passcode 10126909. A transcript of the call and the webcast replay will be available at our website on the Investor Relations homepage, [www.mreic.reit](http://www.mreic.reit).

Monmouth Real Estate Investment Corporation, founded in 1968, is one of the oldest public equity REITs in the world. We specialize in single tenant, net-leased industrial properties, subject to long-term leases, primarily to investment-grade tenants. Monmouth Real Estate is a fully integrated and self-managed real estate company, whose property portfolio consists of 113 properties containing a total of approximately 21.6 million rentable square feet, geographically diversified across 30 states. In addition, we own a portfolio of REIT securities.

Certain statements included in this press release which are not historical facts may be deemed forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Any such forward-looking statements are based on our current expectations and involve various risks and uncertainties. Although we believe the expectations reflected in any forward-looking statements are based on reasonable assumptions, we can provide no assurance those expectations will be achieved. The risks and uncertainties that could cause actual results or events to differ materially from expectations are contained in our annual report on Form 10-K and described from time to time in our other filings with the SEC. We undertake no obligation to publicly update or revise any forward-looking statements whether as a result of new information, future events, or otherwise.

Notes:  
(1) Non-U.S. GAAP Information: FFO is defined by the National Association of Real Estate Investment Trusts ("NAREIT") as net income applicable to common shareholders, excluding gains or losses from sales of depreciable assets, plus real estate-related depreciation and amortization. FFO includes unrealized gains and losses arising during the period from our securities investments and includes gains and losses realized from sales of securities investments. We define Core FFO as FFO, excluding unrealized holding gains or losses arising during the period. We define AFFO as Core FFO, excluding stock based compensation expense, depreciation of corporate office tenant improvements, amortization of deferred financing costs, lease termination income, net gain or loss on sale of securities transactions, effect of non-cash U.S. GAAP straight-line rent adjustments and subtracting recurring capital expenditures. We define recurring capital expenditures as all capital expenditures that are recurring in nature, 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 define NOI as recurring rental and reimbursement revenues less real estate taxes and other operating expenses. FFO, Core FFO and AFFO per diluted common share are defined as FFO, Core FFO and AFFO divided by weighted average diluted common shares outstanding. FFO, Core FFO and AFFO per diluted common share, as well as NOI, should be considered as supplemental measures of operating performance used by real estate investment trusts (REITs). FFO, Core FFO and AFFO per diluted common share exclude historical cost depreciation as an expense and may facilitate the comparison of REITs which have different cost basis. However, other REITs may use different methodologies to calculate FFO, Core FFO and AFFO and, accordingly, our FFO, Core FFO and AFFO may not be comparable to all other REITs. The items excluded from FFO, Core FFO and AFFO per diluted common share are significant components in understanding our financial performance.

FFO, Core FFO and AFFO per diluted common share (A) do not represent cash flow from operations as defined by accounting principles generally accepted in the United States of America; (B) 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 (C) are not alternatives to cash flow as a measure of liquidity. FFO, Core FFO and AFFO per diluted common share, as well as NOI, as calculated by us, 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 three months ended December 31, 2018 and 2017:

	<b>Three Months Ended</b>	
	<b>12/31/2018</b>	<b>12/31/2017</b>
Net Income (Loss) Attributable to Common Shareholders	\$(32,364,000)	\$13,313,000
Plus: Depreciation Expense (excluding Corporate Office Capitalized Costs)	10,438,000	8,445,000
Plus: Amortization of Intangible Assets	500,000	344,000
Plus: Amortization of Capitalized Lease Costs	228,000	220,000
Less: Gain on Sale of Real Estate Investments	-0-	(5,388,000)
<b>FFO Attributable to Common Shareholders</b>	<b>(21,198,000)</b>	<b>16,934,000</b>
Plus: Unrealized Holding Losses Arising During the Period	42,627,000	-0-
<b>Core FFO Attributable to Common Shareholders</b>	<b>21,429,000</b>	<b>16,934,000</b>
Plus: Depreciation of Corporate Office Capitalized Costs	40,000	39,000
Plus: Stock Compensation Expense	129,000	131,000
Plus: Amortization of Financing Costs	317,000	294,000
Less: Gain on Sale of Securities Transactions	-0-	(101,000)
Less: Lease Termination Income	-0-	(210,000)
Less: Recurring Capital Expenditures	(557,000)	(219,000)
Less: Effect of Non-cash U.S. GAAP Straight-line Rent Adjustment	(336,000)	(396,000)
<b>AFFO Attributable to Common Shareholders</b>	<b>\$21,022,000</b>	<b>\$16,472,000</b>

The following are the Cash Flows provided (used) by Operating, Investing and Financing Activities for the three months ended December 31, 2018 and 2017:

	<b>Three Months Ended</b>	
	<b>12/31/2018</b>	<b>12/31/2017</b>
Operating Activities	\$21,912,000	\$17,090,000
Investing Activities	(153,079,000)	(61,963,000)
Financing Activities	134,611,000	45,402,000

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