MONMOUTH REAL ESTATE INVESTMENT CORPORATION

BELL WORKS

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A Public REIT Since 1968

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FOR IMMEDIATE RELEASE

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MONMOUTH REAL ESTATE REPORTS RESULTS FOR THE FIRST QUARTER ENDED DECEMBER 31, 2019

HOLMDEL, NJ, February 6, 2020........ Monmouth Real Estate Investment Corporation (NYSE:MNR) reported Net Income Attributable to Common Shareholders of $3.5 million or $0.04 per diluted share for the three months ended December 31, 2019 as compared to Net Loss Attributable to Common Shareholders of $32.4 million or $0.36 per diluted share for the three months ended December 31, 2018, representing an increase of $35.9 million or $0.40 per diluted share. The large increase in our net income was due to an accounting rule change which became effective at the beginning of our prior fiscal year, in which unrealized gains and losses in our securities investments are reflected on our income statement. During the three months ended December 31, 2019, we recognized a $3.6 million unrealized loss or $0.04 per diluted share as compared to a $42.6 million unrealized loss or $0.47 per diluted share for the three months ended December 31, 2018. Funds from Operations (FFO), which excludes unrealized and realized gains or losses from our securities portfolio, for the three months ended December 31, 2019 were $19.3 million or $0.20 per diluted share versus $21.4 million or $0.24 per diluted share for the three months ended December 31, 2018, representing a $0.04 decrease in FFO per diluted share. 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, 2019 were $19.9 million or $0.21 per diluted share versus $21.0 million or $0.23 per diluted share for the three months ended December 31, 2018, representing a $0.02 decrease in AFFO per diluted share. The $0.02 decrease in AFFO per share was primarily attributable to the issuance of $103.3 million in preferred equity since the end of the prior year quarter not being fully deployed, which increased our preferred dividend expense by $1.7 million or $0.02 per diluted share, as well as a reduction in dividend income of $1.1 million or $0.01 per diluted share, partially offset by an increase in Net Operating Income of $2.1 million or $0.02 per diluted share.

A summary of significant financial information for the three months ended December 31, 2019 and 2018 (in thousands, except per share amounts) is as follows:

	Three Months Ended December 31, 2019	Three Months Ended December 31, 2018
Rental Revenue	$ 34,870	$ 32,617
Reimbursement Revenue	$ 6,830	$ 5,605
Net Operating Income (NOI) (1)	$ 34,467	$ 32,319
Total Expenses	$ 22,469	$ 18,900
Dividend Income	$ 3,238	$ 4,368
Unrealized Holding Gains (Losses) Arising During the Periods	$ (3,635)	$ (42,627)
Net Income (Loss)	$ 9,625	$ (27,943)
Net Income (Loss) Attributable to Common Shareholders	$ 3,528	$ (32,364)
Net Income (Loss)Attributable to Common Shareholders Per Diluted Common Share	$ 0.04	$ (0.36)
FFO (1)	$ 19,322	$ 21,429
FFO per Diluted Common Share (1)	$ 0.20	$ 0.24
AFFO (1)	$ 19,934	$ 21,022
AFFO per Diluted Common Share (1)	$ 0.21	$ 0.23
Dividends Declared per Common Share	$ 0.17	$ 0.17
Weighted Avg. Diluted Common Shares Outstanding	97,006	90,660

A summary of significant balance sheet information as of December 31, 2019 and September 30, 2019 (in thousands) is as follows:

		December 31, 2019		September 30, 2019
Real Estate Investments	$	1,686,099	$	1,616,934
Securities Available for Sale at Fair Value	$	181,841	$	185,250
Total Assets	$	1,947,127	$	1,871,948
Fixed Rate Mortgage Notes Payable, net of Unamortized Debt Issuance Costs	$	784,048	$	744,928
Loans Payable	$	80,000	$	95,000
Total Shareholders' Equity	$	1,057,509	$	1,011,043

Michael P. Landy, President and CEO, commented on the results for the first quarter of fiscal 2020,

"We are pleased with the continued growth and strong performance of our high-quality property portfolio.

During the quarter, we:

- Increased our Gross Revenue by 6% over the prior year period to $44.9 million;
- Increased our Net Operating income by 7% over the prior year period to $34.5 million;
- Maintained a conservative AFFO dividend payout ratio of 81%;
- Increased our gross leasable area (GLA) by 6% over the prior year period to 22.9 million square feet;
- Entered into commitments to acquire five new build-to-suit properties containing 1.2 million total square feet for a total cost of $178.5 million;
- Acquired one property leased to Amazon for 15 years for $81.5 million comprising 616,000 square feet;
- Maintained a high occupancy rate of 99.2% throughout the quarter and subsequent to the quarter end, leased a previously vacant facility increasing current occupancy by 40 bps to 99.6%;
- Renewed two of the five leases scheduled to expire in fiscal 2020. The two lease renewals, comprising 157,000 square feet resulted in a 15.0% weighted-average increase in GAAP rent, and have a weighted-average lease term of 5.9 years;
- Entered into a $4.0 million contract to sell one of the properties whose lease is scheduled to expire in fiscal 2020. The sale is expected to result in a realized gain of $1.8 million;
- Maintained a long weighted average lease maturity at 7.6 years;
- Maintained our weighted average debt maturity on our fixed-rate mortgage debt at 11.5 years;
- Reduced our Net Debt to Adjusted EBITDA to 6.1x from 6.3x in the prior year period."

"Thus far in fiscal 2020, we have acquired one building comprising 616,000 square feet for a purchase price of $81.5 million. This property, located in the Indianapolis MSA, is leased to Amazon for 15 years. Our $178.5 million acquisition pipeline currently contains five new build-to-suit properties comprising 1.2 million total square feet. These properties have a weighted-average lease term of 13.4 years. In keeping with our business model, these projects are all leased to investment grade tenants."

"At quarter end, our weighted-average lease maturity was 7.6 years and our weighted-average mortgage debt maturity was 11.5 years. We continue to maintain a conservative credit profile with our Net Debt to Adjusted EBITDA at 6.1x, our Fixed Charge Coverage at 2.3x, and our Net Debt to Total Market Capitalization at 32%. Our occupancy rate has been over 98% for five consecutive years and our weighted average lease maturity has provided over seven years of lease term for the past six consecutive years, illustrating the strength and visibility of our income streams."

"During the quarter, we renewed leases for two of the five leases that are set to expire this fiscal year. These two lease renewals represent 38% of the 410,000 square feet expiring this year. These lease renewals have a weighted average lease term of 5.9 years, and a weighted average lease rate of $5.61 per square foot on a GAAP basis and $5.28 on a cash basis. This represents an increase of 15.0% on a GAAP basis and an increase of 2.3% on a cash basis. Of the three remaining properties, one is under contract for sale and the other two are currently under discussion with our existing tenants."

"U.S. industrial real estate has experienced a protracted period of cap rate compression. It is estimated that industrial real estate values have more than doubled during the past ten years and have increased by 15% in the past year alone. Consequently, the value of our properties has appreciated substantially. Our new annual report is now featured on our website. This report represents an excellent resource for understanding our Company and our 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 2020 Financial Results Webcast and Conference Call on Friday, February 7, 2020 at 10:00 a.m. Eastern Time. Senior management will discuss the results, current market conditions and future outlook.

Our First Quarter FY 2020 financial results being released herein will be available on our website at www.mreic.reit in the Investor Relations section, under Filings and Reports.

To participate in the **Webcast**, select the **1Q2020 Webcast and Earnings Call** "Link to Webcast" on the homepage of our website at 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 7, 2020. It will be available until May 7, 2020, and can be accessed by dialing toll free 1-877-344-7529 (domestically) and 1-412-317-0088 (internationally) and entering the passcode 10137259. A transcript of the call and the webcast replay will be available at our website on the Investor Relations homepage, 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 115 properties containing a total of approximately 22.9 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, as defined by The National Association of Real Estate Investment Trusts (NAREIT), represents net income attributable to common shareholders, as defined by accounting principles generally accepted in the United States of America (U.S. GAAP), excluding extraordinary items, as defined under U.S. GAAP, gains or losses from sales of previously depreciated real estate assets, impairment charges related to depreciable real estate assets, plus certain non-cash items such as real estate asset depreciation and amortization. Included in the NAREIT FFO White Paper - 2018 Restatement, is an option pertaining to assets incidental to our main business in the calculation of NAREIT FFO to make an election to include or exclude mark-to-market changes in the value recognized on these marketable equity securities. In conjunction with the adoption of the FFO White Paper - 2018 Restatement, for all periods presented, we have elected to exclude unrealized gains and losses from our investments in marketable equity securities from our FFO calculation. Prior to the adoption of the FFO White Paper – 2018 Restatement, we defined Core Funds From Operations (Core FFO) as FFO, excluding Unrealized Holding Gains or Losses Arising During the Periods. NAREIT created FFO as a non-GAAP supplemental measure of REIT operating performance. We define Adjusted Funds From Operations (AFFO) as FFO, excluding stock based compensation expense, depreciation of corporate office tenant improvements, amortization of deferred financing costs, non-recurring severance expense, 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 believe that, as widely recognized measures of performance used by other REITs, FFO and AFFO may be considered by investors as supplemental measures to compare our operating performance to those of other REITs. FFO and AFFO exclude historical cost depreciation as an expense and may facilitate the comparison of REITs which have a different cost basis. However, other REITs may use different methodologies to calculate FFO and AFFO and, accordingly, our FFO and AFFO may not be comparable to all other REITs. The items excluded from FFO and AFFO are significant components in understanding our financial performance.

FFO and AFFO are non-GAAP performance measures and (i) do not represent Cash Flow from Operations as defined by U.S. GAAP; (ii) should not be considered as an alternative to Net Income or Net Income Attributable to Common Shareholders as a measure of operating performance or to Cash Flows from Operating, Investing and Financing Activities; and (iii) are not an alternative to Cash Flows from Operating, Investing and Financing Activities as a measure of liquidity. FFO and AFFO, 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 (Loss) Attributable to Common Shareholders to the Company's FFO and AFFO for the three months ended December 31, 2019 and 2018 (in thousands):

	Three Months Ended	
	12/31/2019	**12/31/2018**
Net Income (Loss) Attributable to Common Shareholders	$3,528	$(32,364)
Plus: Unrealized Holding Losses Arising During the Periods	3,635	42,627
Plus: Depreciation Expense (excluding Corporate Office Capitalized Costs)	11,380	10,438
Plus: Amortization of Intangible Assets	508	500
Plus: Amortization of Capitalized Lease Costs	271	228
FFO Attributable to Common Shareholders	**19,322**	**21,429**
Plus: Depreciation of Corporate Office Capitalized Costs	53	40
Plus: Stock Compensation Expense	156	129
Plus: Amortization of Financing Costs	435	317
Plus: Non-recurring Severance Expense	786	-0-
Less: Recurring Capital Expenditures	(218)	(557)
Less: Effect of Non-cash U.S. GAAP Straight-line Rent Adjustment	(600)	(336)
AFFO Attributable to Common Shareholders	**$19,934**	**$21,022**

The following are the Cash Flows provided (used) by Operating, Investing and Financing Activities for the three months ended December 31, 2019 and 2018 (in thousands):

	Three Months Ended	
	12/31/2019	**12/31/2018**
Operating Activities	$19,098	$21,912
Investing Activities	(81,967)	(153,079)
Financing Activities	59,073	134,611

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