MONMOUTH REAL ESTATE INVESTMENT CORPORATION

BELL WORKS
101 CRAWFORDS CORNER ROAD
SUITE 1405
HOLMDEL, NEW JERSEY 07733
A Public REIT Since 1968

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FOR IMMEDIATE RELEASE

May 6, 2020
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MONMOUTH REAL ESTATE REPORTS RESULTS FOR THE SECOND QUARTER ENDED MARCH 31, 2020

HOLMDEL, NJ, May 6, 2020........ Monmouth Real Estate Investment Corporation (NYSE:MNR) reported Net Loss Attributable to Common Shareholders of $75.1 million or $0.77 per diluted share for the three months ended March 31, 2020 as compared to Net Income Attributable to Common Shareholders of $23.8 million or $0.26 per diluted share for the three months ended March 31, 2019, representing an decrease of $98.9 million or $1.03 per diluted share. During the three months ended March 31, 2020, we recognized an $83.1 million unrealized loss or $0.85 per diluted share as compared to a $15.6 million unrealized gain or $0.17 per diluted share for the three months ended March 31, 2019. Funds from Operations (FFO), which excludes unrealized and realized gains or losses from our securities portfolio, for the three months ended March 31, 2020 were $20.2 million or $0.21 per diluted share versus $19.6 million or $0.21 per diluted share for the three months ended March 31, 2019, representing consistent per diluted share earnings. Adjusted Funds from Operations (AFFO), which also excludes unrealized and realized gains or losses from our securities portfolio, for the three months ended March 31, 2020 were $19.4 million or $0.20 per diluted share versus $19.2 million or $0.21 per diluted share for the three months ended March 31, 2019, representing a $0.01 decrease in AFFO per diluted share. Sequentially, our FFO of $0.21 per diluted share for the second quarter of fiscal 2020 is $0.01 higher than our FFO of $0.20 per diluted share for the first quarter of fiscal 2020 and our AFFO of $0.20 per diluted share for the second quarter of fiscal 2020 is $0.01 lower than our AFFO of $0.21 per diluted share for the first quarter of fiscal 2020. The quarterly year over year $0.01 decline in AFFO is primarily attributable to a $2.3 million increase in Preferred Dividend expense as a result of an increase in preferred shares outstanding.

Tenant Rent Collections During COVID-19 Pandemic

- For the month of March were 100%
- For the month of April were 99%
- While it is still early, thus far for the month of May we have received 95%

The future effects of the evolving impact of the COVID-19 pandemic are still uncertain, however at this time, we believe that the fallout from COVID-19 will not have a material adverse effect on our financial condition. To date, Monmouth has received very limited requests for rent deferment, representing an aggregate impact of only 200 basis points on our annual base rent. Of this amount, we have agreed to defer $320,000 which represents a 23 basis point impact on our annual base rent. This deferred amount is due to be paid by the end of the calendar year. Our occupancy rate is currently 99.4% and our weighted average lease term is 7.4 years.

A summary of significant financial information for the three and six months ended March 31, 2020 and 2019 (in thousands, except per share amounts) is as follows:

	Three Months Ended March 31, 2020	Three Months Ended March 31, 2019
Rental Revenue	$ 35,114	$ 32,934
Reimbursement Revenue	$ 6,594	$ 5,447
Net Operating Income (NOI) (1)	$ 35,045	$ 32,545
Total Expenses	$ 21,301	$ 19,565
Dividend Income	$ 3,404	$ 3,515
Unrealized Holding Gains (Losses) Arising During the Periods	$ (83,075)	$ 15,568
Net Income (Loss)	$ (68,314)	$ 28,301
Net Income (Loss) Attributable to Common Shareholders	$ (75,078)	$ 23,821
Net Income (Loss)Attributable to Common Shareholders Per Diluted Common Share	$ (0.77)	$ 0.26
FFO (1)	$ 20,199	$ 19,588
FFO per Diluted Common Share (1)	$ 0.21	$ 0.21
AFFO (1)	$ 19,352	$ 19,172
AFFO per Diluted Common Share (1)	$ 0.20	$ 0.21
Dividends Declared per Common Share	$ 0.17	$ 0.17
Weighted Avg. Diluted Common Shares Outstanding	97,941	93,059

	Six Months Ended March 31, 2020	Six Months Ended March 31, 2019
Rental Revenue	$ 69,983	$ 65,551
Reimbursement Revenue	$ 13,424	$ 11,053
Net Operating Income (NOI) (1)	$ 69,512	$ 64,864
Total Expenses	$ 43,769	$ 38,466
Dividend Income	$ 6,642	$ 7,882
Unrealized Holding Losses Arising During the Periods	$ (86,710)	$ (27,059)
Net Income (Loss)	$ (58,689)	$ 358
Net Loss Attributable to Common Shareholders	$ (71,551)	$ (8,543)
Net Loss Attributable to Common Shareholders Per Diluted Common Share	$ (0.73)	$ (0.09)
FFO (1)	$ 39,520	$ 41,017
FFO per Diluted Common Share (1)	$ 0.41	$ 0.45
AFFO (1)	$ 39,284	$ 40,194
AFFO per Diluted Common Share (1)	$ 0.40	$ 0.44
Dividends Declared per Common Share	$ 0.34	$ 0.34
Weighted Avg. Diluted Common Shares Outstanding	97,466	91,831

A summary of significant balance sheet information as of March 31, 2020 and September 30, 2019 (in thousands) is as follows:

	March 31, 2020	September 30, 2019
Real Estate Investments	$ 1,694,336	$ 1,616,934
Securities Available for Sale at Fair Value	$ 99,035	$ 185,250
Total Assets	$ 1,890,048	$ 1,871,948
Fixed Rate Mortgage Notes Payable, net of Unamortized Debt Issuance Costs	$ 779,742	$ 744,928
Loans Payable	$ 75,000	$ 95,000
Total Shareholders’ Equity	$ 1,008,843	$ 1,011,043

Highlights from Second Quarter Results

- Increased Gross Revenue by 8% over the prior year period to $45.1 million
- Increased Net Operating Income by 8% over the prior year period to $35.0 million
- Maintained a conservative AFFO dividend payout ratio of 85%
- Increased our Gross Leasable Area (GLA) by 6% over the prior year period to 23.0 million square feet
- Entered into commitments to acquire four new build-to-suit properties containing 1.5 million total square feet for a total cost of $229.6 million all leased to Investment Grade tenants
- Acquired one property comprising 153,000 square feet for $17.9 million leased to Magna Seating of America for 10 years
- Increased occupancy by 50 basis points over the prior year period and 20 basis points sequentially to 99.4%
- Renewed two more of the five leases scheduled to expire in fiscal 2020, resulting in the renewal of four of the five leases set to expire during fiscal 2020. The four lease renewals, comprising 355,000 square feet resulted in a 12.0% increase in GAAP rent, a 4.4% increase in Cash rent, and have a weighted-average lease term of 4.2 years
- Maintained a weighted average lease term of 7.4 years
- Maintained a weighted average debt maturity on fixed-rate mortgage debt of 11.3 years
- Reduced Net Debt to Adjusted EBITDA to 5.7x from 6.4x in the prior year period
- Reduced the weighted average interest rate on fixed-rate debt to 4.0% from 4.1% in the prior year period
- Raised $37.1 million in net proceeds through the Preferred Stock ATM Program with the sale of 1.5 million shares of 6.125% Series C Preferred Stock at a weighted average price of $25.12 per share
- Raised $8.6 million (including dividend reinvestments of $1.4 million) from the Dividend Reinvestment and Stock Purchase Plan, representing a 9% participation rate

Michael P. Landy, President and CEO, commented, "The COVID-19 Pandemic has created significant economic headwinds throughout the entire world. Monmouth went into this downturn very well positioned with a strong balance sheet, a high-quality tenant roster, and a well-covered dividend. Our business model of investing in industrial properties secured by long-term leases to investment grade tenants should enable us to outperform in this current environment. With rent collections for March and April coming in at 100% and 99% respectively, our current occupancy rate at 99.4%, and our weighted average lease term at 7.4 years, we are off to an excellent start."

"During the quarter, on March 30th, we acquired one building comprising 153,000 square feet for a purchase price of $17.9 million. This property, located in the Columbus, OH MSA, is leased to Magna Seating of America for 10 years. Since this property was acquired at the very end of the quarter, it did not contribute to our current results. Our $229.6 million acquisition pipeline currently contains four new build-to-suit properties comprising 1.5 million total square feet. These properties have a weighted-average lease term of 17.2 years. In keeping with our business model, these projects are all leased to investment grade tenants, with 56% leased to FedEx Ground and 44% leased to Home Depot."

"We have renewed four of the five leases that were set to expire this fiscal year. These four lease renewals represent 87% of the 410,000 square feet expiring this year. These lease renewals have a weighted average lease term of 4.2 years, and a weighted average lease rate of $5.87 per square foot on a GAAP basis and $5.71 on a cash basis. This represents an increase of 12.0% on a GAAP basis and an increase of 4.4% on a cash basis."

"At quarter end, our weighted-average lease maturity was 7.4 years and our weighted-average mortgage debt maturity was 11.3 years. We continue to maintain a conservative credit profile with our Net Debt to Adjusted EBITDA at 5.7x, our Fixed Charge Coverage at 2.3x, and our Net Debt to Total Market Capitalization at 33%. Illustrating the strength and visibility of our income streams, our occupancy rate has been over 98% for five consecutive years and our weighted average lease term has exceeded seven years for six consecutive years."

"The value of our properties has appreciated substantially over the past decade as ecommerce demand has increased, and on-line shopping has become an integral part of the retail landscape. The current social distancing environment has created an even stronger shift towards on-line shopping. Because of this surge in ecommerce demand, some of our tenants are running 7-day work weeks and increasing their daily shifts. Their services are now more essential than ever. The COVID-19 Pandemic is also forcing industries and entire nations to rethink their supply chains. Areas of focus going forward will be increasing domestic manufacturing output, and greater stockpiling of inventories. As the result of these secular shifts, U.S. warehouse and logistics space will greatly benefit and continued value appreciation in the years ahead is likely."

Monmouth Real Estate Investment Corporation will host its Second Quarter FY 2020 Financial Results Webcast and Conference Call on Thursday, May 7, 2020 at 10:00 a.m. Eastern Time. Senior management will discuss the results, current market conditions and future outlook.

Our Second 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 **2Q2020 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 Thursday, May 7, 2020. It will be available until August 5, 2020, and can be accessed by dialing toll free 1-877-344-7529 (domestically) and 1-412-317-0088 (internationally) and entering the passcode 10139462. 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 116 properties containing a total of approximately 23.0 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 and six months ended March 31, 2020 and 2019 (in thousands):

	Three Months Ended		Six Months Ended	
	3/31/2020	**3/31/2019**	**3/31/2020**	**3/31/2019**
Net Income (Loss) Attributable to Common Shareholders	$(75,078)	$23,821	$(71,551)	$(8,543)
Less/Plus: Unrealized Holding (Gains) Losses Arising During the Periods	83,075	(15,568)	86,710	27,059
Plus: Depreciation Expense (excluding Corporate Office Capitalized Costs)	11,409	10,589	22,788	21,026
Plus: Amortization of Intangible Assets	508	505	1,016	1,005
Plus: Amortization of Capitalized Lease Costs	285	241	557	470
FFO Attributable to Common Shareholders	**20,199**	**19,588**	**39,520**	**41,017**
Plus: Depreciation of Corporate Office Capitalized Costs	66	167	118	208
Plus: Stock Compensation Expense	114	215	270	344
Plus: Amortization of Financing Costs	322	320	758	637
Plus: Non-recurring Severance Expense	-0-	-0-	786	-0-
Less: Recurring Capital Expenditures	(717)	(630)	(936)	(1,187)
Less: Effect of Non-cash U.S. GAAP Straight-line Rent Adjustment	(632)	(488)	(1,232)	(825)
AFFO Attributable to Common Shareholders	**$19,352**	**$19,172**	**$39,284**	**$40,194**

The following are the Cash Flows provided (used) by Operating, Investing and Financing Activities for the six months ended March 31, 2020 and 2019 (in thousands):

	Six Months Ended	
	3/31/2020	**3/31/2019**
Operating Activities	$47,854	$50,218
Investing Activities	(101,388)	(173,028)
Financing Activities	69,268	129,844

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