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 SECOND QUARTER ENDED MARCH 31, 2021

HOLMDEL, NJ, May 4, 2021........ Monmouth Real Estate Investment Corporation (NYSE:MNR) reported Net Income Attributable to Common Shareholders of $25.9 million or $0.26 per diluted share for the three months ended March 31, 2021 as compared to Net (Loss) Attributable to Common Shareholders of $(75.1) million or $(0.77) per diluted share for the three months ended March 31, 2020, representing an increase of $101.0 million or $1.03 per diluted share. During the three months ended March 31, 2021, we recognized a $19.2 million unrealized gain or $0.19 per diluted share as compared to an $(83.1) million unrealized (loss) or $(0.85) per diluted share for the three months ended March 31, 2020. Funds from Operations (FFO), which excludes unrealized and realized gains or losses from our securities portfolio, for the three months ended March 31, 2021 were $20.6 million or $0.21 per diluted share versus $20.2 million or $0.21 per diluted share for the three months ended March 31, 2020, 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, 2021 were $19.4 million or $0.20 per diluted share versus $19.4 million or $0.20 per diluted share for the three months ended March 31, 2020, representing consistent per diluted share earnings. Sequentially, our FFO of $0.21 per diluted share for the second quarter of fiscal 2021 is $0.02 higher than our FFO of $0.19 per diluted share for the first quarter of fiscal 2021, representing a 10.5% increase. In addition, our AFFO of $0.20 per diluted share for the second quarter of fiscal 2021 is $0.01 higher than our AFFO of $0.19 per diluted share for the first quarter of fiscal 2021, representing a 5.3% increase.

A summary of significant financial information for the three and six months ended March 31, 2021 and 2020 (in thousands, except per share amounts) is as follows:

	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020
Rental Revenue	$ 39,246	$ 35,114
Reimbursement Revenue	$ 7,119	$ 6,594
Net Operating Income (NOI) (1)	$ 38,722	$ 35,045
Total Expenses	$ 25,670	$ 21,301
Dividend Income	$ 1,587	$ 3,404
Realized Gain on Sale of Securities Transactions	$ 2,248	$ -0-
Unrealized Holding Gains (Losses) Arising During the Periods	$ 19,186	$ (83,075)
Net Income (Loss)	$ 34,329	$ (68,314)
Net Income (Loss) Attributable to Common Shareholders	$ 25,913	$ (75,078)
Net Income (Loss) Attributable to Common Shareholders Per Diluted Common Share	$ 0.26	$ (0.77)
FFO (1)	$ 20,639	$ 20,199
FFO per Diluted Common Share (1)	$ 0.21	$ 0.21
AFFO (1)	$ 19,418	$ 19,352
AFFO per Diluted Common Share (1)	$ 0.20	$ 0.20
Dividends Declared per Common Share	$ 0.18	$ 0.17
Weighted Avg. Diluted Common Shares Outstanding	98,496	97,941

		Six Months Ended March 31,		
		2021		2020
Rental Revenue	$	76,091	$	69,983
Reimbursement Revenue	$	13,856	$	13,424
Lease Termination Income	$	377	$	-0-
Net Operating Income (NOI) (1)	$	75,250	$	69,512
Total Expenses	$	47,881	$	43,769
Dividend Income	$	3,195	$	6,642
Realized Gain on Sale of Securities Transactions	$	2,248	$	-0-
Unrealized Holding Gains (Losses) Arising During the Periods	$	38,906	$	(86,710)
Net Income (Loss)	$	68,246	$	(58,689)
Net Income (Loss) Attributable to Common Shareholders	$	51,659	$	(71,551)
Net Income (Loss) Attributable to Common Shareholders Per Diluted Common Share	$	0.53	$	(0.73)
FFO (1)	$	39,517	$	39,520
FFO per Diluted Common Share (1)	$	0.40	$	0.41
AFFO (1)	$	37,833	$	39,284
AFFO per Diluted Common Share (1)	$	0.38	$	0.40
Dividends Declared per Common Share	$	0.35	$	0.34
Weighted Avg. Diluted Common Shares Outstanding		98,352		97,466

A summary of significant balance sheet information as of March 31, 2021 and September 30, 2020 (in thousands) is as follows:

		March 31, 2021		September 30, 2020
Cash and Cash Equivalents	$	19,383	$	23,517
Real Estate Investments	$	1,891,627	$	1,747,844
Securities Available for Sale at Fair Value	$	131,654	$	108,832
Total Assets	$	2,108,416	$	1,939,783
Fixed Rate Mortgage Notes Payable, net of Unamortized Debt Issuance Costs	$	866,224	$	799,507
Loans Payable	$	75,000	$	75,000
Total Shareholders' Equity	$	1,136,100	$	1,037,605

During the second quarter, we accomplished the following:

- Increased our Revenue by 11.2% over the prior year period to $46.4 million;
- Increased our Net Operating Income by 10.5% over the prior year period to $38.7 million;
- Increased our Gross Leasable Area (GLA) by 7% over the prior year period to 24.6 million square feet;
- Grew our acquisition pipeline to six new build-to-suit properties containing 1.8 million total square feet, all of which will be leased to Investment Grade tenants, at an aggregate cost of $238.1 million;
- Increased our overall occupancy rate by 30 basis points over the prior year period to a sector leading 99.7% currently;
- Renewed so far this fiscal year, eight of the ten leases set to expire during fiscal 2021. These eight lease renewals, comprising 1.1 million square feet resulted in a 7.2% increase in GAAP rent, a 0.4% increase in cash rent, and have a weighted average lease term of 4.1 years;
- Maintained a weighted average lease term of 7.4 years;
- Increased our annualized average base rent per occupied square foot by 4% to $6.51 from the prior year period;
- Maintained a weighted average debt maturity on our fixed-rate mortgage debt of 11.3 years;
- Reduced the weighted average interest rate on our fixed-rate mortgage debt to 3.87% from 4.04% in the prior year period;
- Realized $2.2 million in gains from the sale of REIT securities and reported an additional $19.2 million in unrealized gains on our securities portfolio.

Highlights from the Second Quarter of Fiscal 2021:

- **Acquisitions.** To date in fiscal 2021, Monmouth has completed two high-quality acquisitions comprising 1.1 million square feet for an aggregate purchase price of $170.0 million. These properties, located in the Columbus, OH and Atlanta, GA MSAs, are leased to FedEx Ground and Home Depot U.S.A. for 15 and 20 years, respectively. These two properties are expected to generate $10.1 million in annual rent.

- **Pipeline.** Monmouth's $238.1 million acquisition pipeline currently contains six new build-to-suit properties, comprising 1.8 million total square feet. These properties have a weighted average lease term of 13.5 years and are expected to generate $13.7 million in annual rent. These projects are all leased to investment grade tenants, with 70% leased to FedEx Ground and 30% leased to Mercedes-Benz.

- **Parking Expansion Projects.** In addition to the acquisition pipeline and recently completed expansion projects, the Company has several FedEx Ground parking expansion projects in progress with more under discussion. Currently the Company has eight FedEx Ground parking expansion projects underway that it expects to cost approximately $31.4 million. These parking expansion projects will enable Monmouth to capture additional rent while lengthening the terms of these leases.

- **Lease Renewals.** The Company has renewed eight of the ten leases that were set to expire this fiscal year. These eight lease renewals represent 91% of the 1.2 million square feet expiring this year. These lease renewals have a weighted average lease term of 4.1 years, and a weighted average lease rate of $4.61 per square foot on a GAAP basis and $4.49 on a cash basis. This represents an increase of 7.2% on a GAAP basis and an increase of 0.4% on a cash basis.

- **Key Financial Metrics and Ratios.** At quarter end, Monmouth's weighted average lease maturity was 7.4 years and its weighted average mortgage debt maturity was 11.3 years. For the quarter, Net Debt to Adjusted EBITDA was at 6.4x, Fixed Charge Coverage at 2.0x, and Net Debt to Total Market Capitalization at 29%. The Company's occupancy rate has been over 98.9% for six consecutive years and its weighted average lease term has exceeded seven years for seven consecutive years.

- **Securities Portfolio.** At quarter end, the Company's $131.7 million securities portfolio represented 5.4% of its undepreciated assets. During the quarter, Monmouth sold marketable REIT securities for gross proceeds totaling $16.3 million with an original cost basis of $14.1 million, resulting in a realized gain of $2.2 million. In addition, the Company had unrealized gains of $19.2 million from its securities portfolio during the quarter and $38.9 million in unrealized gains since fiscal year-end.

- **Asset Sale.** Subsequent to the quarter end, on April 15, 2021, Monmouth sold its 60,400 square foot building located in Carlstadt (New York, NY), NJ for $13.0 million. Prior to the sale, the Company owned a 51% interest in this property. Its 51% portion of the sale proceeds resulted in a U.S. GAAP net realized gain of approximately $4.2 million, representing a 206% gain over the depreciated U.S. GAAP basis and a net realized gain of approximately $3.6 million, or 132% net gain over its historic undepreciated cost.

Merger Transaction with Equity Commonwealth

As announced on May 4, 2021, following a comprehensive strategic alternatives process, the Company entered into a definitive merger agreement by which Equity Commonwealth (NYSE: EQC) will acquire Monmouth in an all-stock transaction, valued at approximately $3.4 billion, including the assumption of debt. The combined company is expected to have a pro forma equity market capitalization of approximately $5.5 billion.

Under the terms of the agreement, Monmouth shareholders will receive 0.67 shares of Equity Commonwealth stock for every share of Monmouth stock they own. Based on the closing price for Equity Commonwealth on May 4, 2021, this represents approximately $19.40 per Monmouth share. The merger agreement provides for Monmouth to declare and pay one additional regular quarterly common stock dividend of $0.18 per share without Equity Commonwealth paying a corresponding common dividend to its shareholders. Accordingly, the total consideration to be received by the Monmouth shareholders in the transaction is $19.58 per Monmouth share.

Under the terms of the merger agreement, Monmouth plans to continue to pay its regular quarterly common stock dividend and its Series C Cumulative Redeemable Preferred Stock dividend between signing and closing of the transaction. Equity Commonwealth expects to begin paying a quarterly dividend after the transaction has closed. The Equity Commonwealth Board of Trustees will determine the timing and amount of the dividend.

The transaction is expected to close during the second half of calendar 2021, subject to customary closing conditions, including the approval by the common shareholders of both Equity Commonwealth and Monmouth.

In light of the pending transaction with Equity Commonwealth, we do not intend to host a conference call or webcast in connection with our second quarter FY 2021 financial results. The results will be available on the Company's website at www.mreic.reit in the Investor Relations section, under Filings and Reports.

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 120 properties, containing a total of approximately 24.5 million rentable square feet, geographically diversified across 31 states. Our occupancy rate is currently 99.7%, our weighted average building age is currently 9.9 years, and our percentage of revenue derived from Investment Grade tenants or their subsidiaries is currently 83%.

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 include risks and uncertainties relating to the proposed merger with Equity Commonwealth and other risks and uncertainties described in in our annual report on Form 10-K and 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. 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, lease termination income, non-recurring strategic alternative & proxy 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, 2021 and 2020 (in thousands):

	Three Months Ended		Six Months Ended	
	3/31/2021	**3/31/2020**	**3/31/2021**	**3/31/2020**
Net Income (Loss) Attributable to Common Shareholders	$25,913	$(75,078)	$51,659	$(71,551)
Less/Plus: Unrealized Holding (Gains) Losses Arising During the Periods	(19,186)	83,075	(38,906)	86,710
Plus: Depreciation Expense (excluding Corporate Office Capitalized Costs)	13,007	11,409	25,026	22,788
Plus: Amortization of Intangible Assets	600	508	1,132	1,016
Plus: Amortization of Capitalized Lease Costs	305	285	606	557
FFO Attributable to Common Shareholders	**20,639**	**20,199**	**39,517**	**39,520**
Plus: Depreciation of Corporate Office Capitalized Costs	57	66	116	118
Plus: Stock Compensation Expense	77	114	134	270
Plus: Amortization of Financing Costs	346	322	676	758
Plus: Non-recurring Strategic Alternative & Proxy Costs	1,993	-0-	2,239	-0-
Plus: Non-recurring Severance Expense	-0-	-0-	-0-	786
Less: Gain on Sale of Securities Transactions	(2,248)	-0-	(2,248)	-0-
Less: Lease Termination Income	-0-	-0-	(377)	-0-
Less: Recurring Capital Expenditures	(403)	(717)	(563)	(936)
Less: Effect of Non-cash U.S. GAAP Straight-line Rent Adjustment	(1,043)	(632)	(1,661)	(1,232)
AFFO Attributable to Common Shareholders	**$19,418**	**$19,352**	**$37,833**	**$39,284**

The following are the Cash Flows provided (used) by Operating, Investing and Financing Activities for the six months ended March 31, 2021 and 2020 (in thousands):

	Six Months Ended	
	3/31/2021	**3/31/2020**
Operating Activities	$54,426	$47,854
Investing Activities	(153,511)	(101,388)
Financing Activities	94,951	69,268

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