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 THIRD QUARTER ENDED JUNE 30, 2021

HOLMDEL, NJ, August 2, 2021........ Monmouth Real Estate Investment Corporation (NYSE:MNR) reported Net Income Attributable to Common Shareholders of $17.3 million or $0.17 per diluted share for the three months ended June 30, 2021 as compared to Net Income Attributable to Common Shareholders of $26.9 million or $0.27 per diluted share for the three months ended June 30, 2020, representing a decrease of $9.6 million or $0.10 per diluted share. During the three months ended June 30, 2021, we recognized a $16.5 million unrealized holding gain on securities or $0.17 per diluted share as compared to a $19.6 million unrealized holding gain on securities or $0.20 per diluted share for the three months ended June 30, 2020. Funds from Operations (FFO), which excludes unrealized and realized gains or losses from our securities portfolio, for the three months ended June 30, 2021 were $11.5 million or $0.12 per diluted share versus $19.7 million or $0.20 per diluted share for the three months ended June 30, 2020, representing a decrease of $8.2 million or $0.08 per diluted share. The decrease in Net Income Attributable to Common Shareholders and FFO is primarily attributable to non-recurring strategic alternatives and proxy costs of $8.7 million related to our strategic alternatives process, our pending merger with Equity Commonwealth and our proxy process. FFO excluding these non-recurring costs for the three months ended June 30, 2021 were $20.2 million or $0.20 per diluted share versus $19.7 million or $0.20 per diluted share for the three months ended June 30, 2020, representing unchanged per diluted share earnings. For the three months ended June 30, 2021, Adjusted Funds from Operations (AFFO), which excludes non-recurring items, including costs related to our strategic alternatives process and our proxy process and unrealized and realized gains or losses from our securities portfolio, were $19.7 million or $0.20 per diluted share compared to $19.5 million or $0.20 per diluted share for the three months ended June 30, 2020. Sequentially, our AFFO of $0.20 per diluted share for the third quarter of fiscal 2021 also was unchanged compared to our AFFO per diluted share for the second quarter of fiscal 2021. During the nine months ended June 30, 2021, we recognized a $55.4 million unrealized holding gain on our securities portfolio representing $0.56 per diluted share as compared to a $67.1 million unrealized holding loss on securities or $0.69 per diluted share for the nine months ended June 30, 2020.

A summary of significant financial information for the three and nine months ended June 30, 2021 and 2020 (in thousands, except per share amounts) is as follows:

	Three Months Ended June 30,	
	2021	**2020**
Rental Revenue	$ 39,032	$ 35,427
Reimbursement Revenue	$ 6,962	$ 6,348
Net Operating Income (NOI) (1)	$ 38,904	$ 35,045
Total Expenses	$ 32,040	$ 21,459
Dividend Income	$ 1,486	$ 2,344
Realized Gain on Sale of Real Estate Investment	$ 6,376	$ -0-
Unrealized Holding Gains Arising During the Periods	$ 16,471	$ 19,610
Net Income	$ 28,602	$ 33,295
Net Income Attributable to Common Shareholders	$ 17,292	$ 26,851
Net Income Attributable to Common Shareholders Per Diluted Common Share	$ 0.17	$ 0.27
FFO (1)	$ 11,502	$ 19,721
FFO per Diluted Common Share (1)	$ 0.12	$ 0.20
FFO Excluding Non-recurring Strategic Alternatives & Proxy Costs (1)	$ 20,159	$ 19,721
FFO Excluding Non-recurring Strategic Alternatives & Proxy Costs per Diluted Common Share (1)	$ 0.20	$ 0.20
AFFO (1)	$ 19,701	$ 19,463
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	98,539	97,962

	Nine Months Ended June 30, 2021		Nine Months Ended June 30, 2020
Rental Revenue	$ 115,123	$	105,410
Reimbursement Revenue	$ 20,818	$	19,772
Lease Termination Income	$ 377	$	-0-
Net Operating Income (NOI) (1)	$ 114,256	$	104,633
Total Expenses	$ 79,820	$	65,151
Dividend Income	$ 4,681	$	8,987
Realized Gain on Sale of Real Estate Investment	$ 6,376	$	-0-
Realized Gain on Sale of Securities Transactions	$ 2,248	$	-0-
Unrealized Holding Gains (Losses) Arising During the Periods	$ 55,377	$	(67,100)
Net Income (Loss)	$ 96,949	$	(25,317)
Net Income (Loss) Attributable to Common Shareholders	$ 68,950	$	(44,700)
Net Income (Loss) Attributable to Common Shareholders Per Diluted Common Share	$ 0.71	$	(0.46)
FFO (1)	$ 50,982	$	59,205
FFO per Diluted Common Share (1)	$ 0.52	$	0.61
FFO Excluding Non-recurring Strategic Alternatives & Proxy Costs (1)	$ 61,878	$	59,205
FFO Excluding Non-recurring Strategic Alternatives & Proxy Costs per Diluted Common Share (1)	$ 0.63	$	0.61
AFFO (1)	$ 57,507	$	58,705
AFFO per Diluted Common Share (1)	$ 0.58	$	0.60
Dividends Declared per Common Share	$ 0.53	$	0.51
Weighted Avg. Diluted Common Shares Outstanding	98,415		97,626

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

	June 30, 2021	September 30, 2020
Cash and Cash Equivalents	$ 90,896	$ 23,517
Real Estate Investments	$ 1,876,906	$ 1,747,844
Securities Available for Sale at Fair Value	$ 148,382	$ 108,832
Total Assets	$ 2,178,078	$ 1,939,783
Fixed Rate Mortgage Notes Payable, net of Unamortized Debt Issuance Costs	$ 848,994	$ 799,507
Loans Payable	$ 165,000	$ 75,000
Total Shareholders' Equity	$ 1,135,847	$ 1,037,605

During the third quarter, we accomplished the following:

- Increased our Rental and Reimbursement Revenue by 10% over the prior year period to $46.0 million;
- Increased our Net Operating Income by 11% over the prior year period to $38.9 million;
- Increased our Gross Leasable Area (GLA) by 5% over the prior year period to 24.5 million square feet;
- Grew our acquisition pipeline to six new build-to-suit properties containing 1.8 million total square feet representing an aggregate cost of $238.4 million, all of which will be leased to Investment Grade tenants,. Subsequent to the quarter end, we acquired one of these properties for $54.8 million representing 144,000 square feet;
- Completed a parking lot expansion for UPS at our property located in Halfmoon, NY for approximately $835,000, resulting in an initial increase in annual rent of approximately $52,000 with 2% annual increases;
- Increased our overall occupancy rate by 30 basis points over the prior year period to a sector leading 99.7% currently;
- Renewed all ten leases set to expire during fiscal 2021. These ten lease renewals, comprising 1.2 million square feet resulted in a 6.2% increase in GAAP rent, a 0.4% increase in cash rent, and have a weighted average lease renewal term of 4.2 years;
- Maintained a weighted average lease term of 7.2 years consistent with the prior year period;

- Increased our annualized average base rent per occupied square foot to $6.50, an increase of 2% compared to the prior year period;
- Maintained a weighted average debt maturity on our fixed-rate mortgage debt of 11.1 years;
- Reduced the weighted average interest rate on our fixed-rate mortgage debt to 3.86% from 4.00% in the prior year period;
- Reported $16.5 million in unrealized gains on our securities portfolio for the three months ended June 30, 2021. In addition, reported $55.4 million in unrealized gains on our securities portfolio for the nine months ended June 30, 2021.

Highlights from the Third Quarter of Fiscal 2021:

- **Acquisitions.** Through the third quarter end, Monmouth has completed the acquisitions of two high quality properties comprising 1.1 million square feet for an aggregate purchase price of $170.0 million and are expected to generate $10.1 million in annual rent. In addition, subsequent to quarter end, we acquired one building comprising 144,000 square feet situated on 43.4 acres located in the Burlington, VT MSA for $54.8 million. This property is leased to FedEx Ground for 15 years and is expected to generate $3.2 million in annual rent.

- **Pipeline.** Monmouth's $183.6 million acquisition pipeline currently contains five new build-to-suit properties, comprising 1.6 million total square feet. These properties have a weighted average lease term of 13.4 years and are expected to generate $10.5 million in annual rent. These projects are all leased to investment grade tenants, with 68% leased to FedEx Ground and 32% leased to Mercedes Benz.

- **Parking Expansion Projects.** The Company currently has eight FedEx Ground parking expansion projects underway that it expects to cost approximately $37.3 million. These parking expansion projects will result in additional rent and extensions to the existing lease terms. We are also in discussions to expand parking at nine additional locations.

- **Lease Renewals.** The Company has renewed all ten leases that were set to expire this fiscal year representing 1.2 million square feet. These lease renewals have a weighted average lease term of 4.2 years, and a weighted average lease rate of $4.77 per square foot on a GAAP basis and $4.66 on a cash basis. This represents an increase of 6.2% 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 7.2 years and its weighted average mortgage debt maturity was 11.1 years. For the quarter, Net Debt to Adjusted EBITDA was at 6.0x, Fixed Charge Coverage at 2.1x, and Net Debt to Total Market Capitalization at 27%. 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 $148.4 million securities portfolio represented 5.9% of its undepreciated assets. Securities Available for Sale increased by $16.7 million during the current quarter and increased by $39.6 million from September 30, 2020 to June 30, 2021. The increase was primarily due to an Unrealized Holding Gain of $16.5 million during the three months ended and an Unrealized Holding Gain of $55.4 million for the nine months ended June 30, 2021. There were also sales and redemptions of securities during the nine month period totaling $18.8 million which resulted in a realized gain of $2.2 million. Our investment in UMH Properties is now showing a 118% gain, or $17 million not including substantial dividends.

- **Asset Sale.** During the quarter, on April 15, 2021, Monmouth sold its 60,400 square foot building located in Carlstadt, NJ for $13.0 million. 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 $3.3 million, representing a 159% gain over its depreciated basis and a net realized gain of approximately $2.6 million, or a 96% net gain over its historic undepreciated cost.

Merger Transaction with Equity Commonwealth

As previously announced, in January 2021, our Board of Directors unanimously decided to explore strategic alternatives to maximize shareholder value. Following a comprehensive strategic alternatives process, on May 4, 2021, we entered into a definitive merger agreement with Equity Commonwealth ("EQC"), a New York Stock Exchange traded real estate investment trust, under which, on the terms and subject to the conditions set forth in the merger agreement, we will merge with and into a new wholly-owned subsidiary of Equity Commonwealth, resulting in Equity Commonwealth acquiring us in an all-stock transaction. The merger agreement provides that, upon closing of the merger, our common stockholders will be entitled to receive 0.67 shares of Equity Commonwealth common stock for every share of Monmouth common stock they own and the outstanding shares of Monmouth common stock will be extinguished. We plan to continue to pay our regular quarterly common stock dividend and our quarterly Series C Cumulative Redeemable Preferred Stock dividend until closing of the merger. Under the terms of the definitive merger agreement, upon closing of the merger, each holder of our 6.125% Series C Preferred Stock will be entitled to receive an amount in cash equal to $25.00 per share plus accumulated and unpaid dividends and the outstanding shares of our 6.125% Series C Cumulative Redeemable Preferred Stock will be extinguished. The merger transaction is expected to close during the second half of calendar 2021, subject to customary closing conditions, including approval by common stockholders of both Equity Commonwealth and MREIC. Equity Commonwealth and MREIC stockholders are expected to own approximately 65% and 35%, respectively, of the pro forma company following the close of the transaction. On July 23, 2021, we filed with the SEC, and shortly thereafter began distributing to our stockholders, a definitive joint proxy statement/prospectus of MREIC and EQC pursuant to which both MREIC and EQC are seeking approval of the merger from their respective stockholders at special stockholder meetings that have been called for August 24, 2021.

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.

In light of the pending transaction with Equity Commonwealth, we do not intend to host a conference call or webcast in connection with our third 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 121 properties, containing a total of approximately 24.7 million rentable square feet, geographically diversified across 32 states. Our occupancy rate is currently 99.7%, our weighted average building age is currently 10 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 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 gains or losses from sales of previously depreciated real estate assets, impairment charges related to depreciable real estate assets, certain non-cash items such as real estate asset depreciation and amortization, plus our portion of these items related to our consolidated investment that we have a non-controlling interest in. 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. Our calculation of Adjusted Funds From Operations (AFFO) differs from NAREIT's definition of AFFO because we exclude certain items that we view as nonrecurring or impacting comparability from period to period. We define AFFO as FFO, excluding stock based compensation expense, depreciation of corporate office tenant improvements, amortization of deferred financing costs, realized gain on sale of securities, lease termination income, non-recurring strategic alternatives & proxy costs, non-recurring severance expense, effect of non-cash U.S. GAAP straight-line rent adjustments and subtracting recurring capital expenditures, plus our portion of these items related to our equity investments that our investees have a non-controlling interest in. 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 nine months ended June 30, 2021 and 2020 (in thousands):

	Three Months Ended		Nine Months Ended	
	6/30/2021	**6/30/2020**	**6/30/2021**	**6/30/2020**
Net Income (Loss) Attributable to Common Shareholders	$17,292	$26,851	$68,950	$(44,700)
Less/Plus: Unrealized Holding (Gains) Losses Arising During the Periods	(16,471)	(19,610)	(55,377)	67,100
Plus: Depreciation Expense (excluding Corporate Office Capitalized Costs)	12,960	11,672	37,959	34,436
Plus: Amortization of Intangible Assets	599	524	1,731	1,539
Plus: Amortization of Capitalized Lease Costs	374	284	971	830
Less: Realized Gain on Sale of Real Estate Investment (1)	(3,252)	-0-	(3,252)	-0-
FFO Attributable to Common Shareholders (2)	**11,502**	**19,721**	**50,982**	**59,205**
Plus: Depreciation of Corporate Office Capitalized Costs	57	57	172	176
Plus: Stock Compensation Expense	77	98	210	368
Plus: Amortization of Financing Costs	350	326	1,026	1,082
Plus: Non-recurring Strategic Alternatives & Proxy Costs	8,657	-0-	10,896	-0-
Plus: Non-recurring Severance Expense	-0-	-0-	-0-	786
Less: Realized Gain on Sale of Securities Transactions	-0-	-0-	(2,248)	-0-
Less: Lease Termination Income	-0-	-0-	(377)	-0-
Less: Recurring Capital Expenditures	(229)	(508)	(791)	(1,443)
Less: Effect of Non-cash U.S. GAAP Straight-line Rent Adjustment	(713)	(231)	(2,363)	(1,469)
AFFO Attributable to Common Shareholders	**$19,701**	**$19,463**	**$57,507**	**$58,705**

(1) Represents our portion of the net realized gain from the sale of our property that we owned a 51% interest in.

(2) FFO Attributable to Common Shareholders for the three and nine months ended June 30, 2021 includes Non-recurring Strategic Alternatives & Proxy Costs of $8.7 million and $10.9 million, respectively. FFO Attributable to Common Shareholders for the three and nine months ended June 30, 2021 excluding these Non-recurring Strategic Alternatives & Proxy Costs is $20.2 million and $61.9 million, respectively.

The following are the Cash Flows provided (used) by Operating, Investing and Financing Activities for the nine months ended June 30, 2021 and 2020 (in thousands):

	Nine Months Ended	
	6/30/2021	**6/30/2020**
Operating Activities	$76,768	$74,964
Investing Activities	(145,246)	(163,049)
Financing Activities	135,857	80,010

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