

SUSTAINABILITY

INVESTING IN PEOPLE AND PROPERTIES
FOR THE LONG TERM



MONMOUTH REAL ESTATE
INVESTMENT CORPORATION
SUSTAINABILITY REPORT 2019

We are pleased to present the 2019 Sustainability Report for Monmouth Real Estate Investment Corporation (MREIC, Monmouth or the Company).

Monmouth is one of the oldest REITs (Real Estate Investment Trusts) in the world. Our history, which spans more than five decades of creating exceptional value for our shareholders, is characterized by transparency, accountability, fairness and integrity throughout every facet of our business. This Sustainability Report highlights our commitment to environmental stewardship, the interests of our stakeholders and ethical corporate governance.

Founded in 1968, Monmouth is one of the most specialized REITs. Our focus is on single-tenant, net-leased industrial properties on long-term leases, to investment-grade tenants. MREIC is currently comprised of 114 properties, totaling 22.3 million square feet. Environmental, Social and Governance (ESG) issues are increasingly important to our stakeholders and are an essential component of our business strategy.

The properties in Monmouth's modern portfolio are strategically located adjacent to seaports, international air freight terminals, major highways and inter-modal transportation hubs. This location-driven focus minimizes the distance traveled for goods flowing through traditional and online commerce distribution networks and reduces the negative carbon and environmental impacts from truck traffic, pollution and highway congestion.

We are committed to acting on opportunities to enhance our property portfolio in terms of the consumption of electricity, fuel and water, waste disposal and greenhouse gas emissions. Sustainable design and planning are considered, where feasible, during the decision-making process in the acquisition and upgrading of our properties. Relevant environmental assessments are conducted. We work closely with our tenants to address these issues. As we grow our Company, we are constantly mindful of the wide range of issues that are of paramount concern to our tenants, our employees, our investors and the global community.

To ensure that sustainability and social responsibility are incorporated into our strategies, policies and practices are created and managed within our organization. These policies and practices are wholeheartedly endorsed by our President and CEO and by our Chairman and are regularly reviewed by our Board of Directors. Our ESG policies extend to our suppliers and vendors, as applicable.

We are committed to managing relevant ESG risks and opportunities across our portfolio. This will ensure the long-term resilience of our business while contributing positively to the environment and society, and at the same time, creating long-term value for our stakeholders.

ENVIRONMENT

RESPONSIBLE REAL ESTATE PORTFOLIO

We invest in state-of-the-art industrial properties located near major transportation hubs and distribution networks, reducing the time and energy needed to deliver products. Our Board of Directors reviews and approves each of these investments, as well as the opportunities and risks associated with these investment decisions. We comply with applicable environmental laws and regulations.

Our portfolio of modern buildings includes those incorporating solar panels, LEED Certification, and other sustainable features. Our strategically well-located portfolio capitalizes on the growth of e-commerce, saving customers time and money and helping them reduce their environmental footprint. Our occupancy rate has historically averaged over 95% reflecting the mission-critical aspect of our assets. The consistent high-productive use of our space represents a very efficient and environmentally sustainable aspect of our business model.

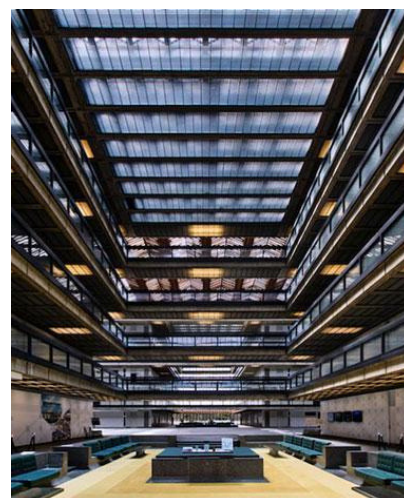
Our tenants, who are responsible for operations at our facilities, are committed to creating and improving healthy, sustainable communities. This commitment includes, but is not limited to:

- **Advocacy of Regulatory Reform Supporting Reduction of Emissions**
- **Biodiesel, Liquified Natural Gas and other Alternative Fuels**
- **Centralized Energy Management Systems**
- **Electric and Hybrid Vehicles**
- **Emergency Preparedness to Minimize Environmental Impact**
- **Employee and Customer Training**
- **Environmental Targets, Audits, Reports and Sanctions**
- **Exploration of Autonomous Vehicles, Mobile Command Centers and Robots**
- **Fuel Efficiency Innovations**
- **Intermodal Rail Transport**
- **LEED Certified Facilities**
- **Lighting Retrofits**
- **Modernization and Replacement of Vehicles and Aircraft**
- **Promotion of Environmental Stewardship by Vendors and Partners**
- **Recycling and Waste Reduction Practices**
- **Reduction of Greenhouse Gas (GHG) Emissions**
- **Responsible Sourcing of Materials**
- **Restoration of Properties Impacted by their Operations**
- **Scaling Environmental Solutions to Benefit Local Communities**
- **Solar and other Renewable Energy Technologies**
- **Sustainability of Forests**
- **Systemic and Continuous Review of Environmental Policies and Procedures**
- **Water Stewardship and Accessibility**

We manage our properties in a first-class manner while achieving outstanding efficiency. We believe these properties will continue to generate high-quality returns for our shareholders.

CARBON FRIENDLY CORPORATE HEADQUARTERS

Our new corporate headquarters at Bell Works in Holmdel, New Jersey, was selected, in part, because of the property's environmentally friendly features, including 60,000 square feet of amorphous silicon photovoltaic glass panels. This is the largest-of-its-kind photovoltaic skylight in the USA, generating free, clean solar energy throughout the day. It offsets approximately 60 tons of annual CO₂ emissions, drastically improving the building's energy efficiency and reducing its carbon footprint.



SOCIAL RESPONSIBILITY

OUR CUSTOMERS - OUR TENANTS

Active Engagement: We regularly consult and interact with our tenants to ensure open lines of communication and satisfaction. Developing good relationships with our customers – our tenants – enables us to anticipate, understand and respond promptly to their needs. This is achieved through regular communication, timely resolution of issues and progressive upgrading and expansion of facilities. Creating an environment that fosters goodwill enables tenants to commit to longer leases and in turn creates a more robust tenant network. Our tenants, many of whom have enjoyed a long-term relationship with our Company, frequently express satisfaction with our management team and the ethical principles we embody. We take responsible actions to promote the security and privacy of our data.

OUR INVESTORS

Outreach: We engage in regular outreach with our shareholders to ensure open lines of communication and transparency. We hold quarterly investor conference calls and participate in face-to-face meetings and non-deal roadshows throughout the year, providing timely updates on portfolio performance, asset and capital management, acquisitions and divestments as well as major corporate developments. Our dedicated investor relations team engages proactively with the investment community to keep them updated on operational and financial performance and long-term strategy. We are proud of our long-term record of sustainable, recurring and growing dividends, as well as our capital appreciation. This has resulted in substantial, long-term total shareholder returns.

Risk Management: We work closely with our insurance carriers and brokers to proactively manage our portfolio of net-leased properties to minimize property and environmental risks.



OUR COMMUNITY

Community Service and Charitable Giving: Our employees are encouraged to devote their time and resources to community activities, non-profit board service and charitable giving. Our employees donate hundreds of thousands of dollars and countless hours of service annually to local, regional and national charities.

Job Creation: As we continually increase the size and quality of our tenant base and our total square footage, we contribute to the growth of businesses, jobs, earnings and tax revenue. These benefits continue to be realized as we work with our tenants on expansions and upgrades to their facilities.

No Corruption, Bribery or Deception: Our Company refrains from using Company funds for political purposes, including lobbying, campaign contributions and political donations to trade associations. We do not tolerate bribery or corruption at any level of our Company, as enforced by our legal department. We do not engage in deceptive or unfair marketing, labeling or advertising. We operate only within the United States and endeavor to comply with all applicable laws and regulations.



SOCIAL RESPONSIBILITY

OUR MANAGEMENT TEAM AND EMPLOYEES

Commitment to Diversity: We value diversity at every level of our workforce. Approximately half of our senior management team is diverse based on gender, race or ethnicity. We endeavor to maintain workplaces that are free from discrimination or harassment on the basis of race, sex, color, national origin, ethnicity, religion, age, disability, sexual orientation, gender identification or expression, or any other status protected by applicable law. We conduct annual training to prevent harassment and discrimination and monitor employee conduct year-round. Employees are advised to notify the Legal Department of any claims of violation of these policies. We do not tolerate retaliation of any kind. We are committed to equal opportunity. The basis for recruitment, hiring, development, training, compensation and advancement at the Company is qualifications, performance, skills and experience.

Competitive Compensation, Work-Life Balance: Our employees are fairly compensated, without regard to gender, race or ethnicity, and routinely recognized for outstanding performance. Our compensation program is designed to attract and retain talent. Employees are offered great flexibility to meet personal and family needs. We work to ensure compliance with applicable labor and employment laws.

Employee Satisfaction and Empowerment: We continually assess and strive to enhance employee satisfaction and engagement. Our employees, many of whom have a long tenure with our Company, frequently express satisfaction with our management. Job security, stability and career progression are prioritized.

Professional Development: Our employees are offered regular opportunities to participate in professional development programs. They have the right to freedom of association and collective bargaining. We also regularly hire interns to help talented students gain industry experience, develop skills and professional networks, and provide our Company with diverse views.

Ethics and Integrity: We adhere to a robust Code of Business Conduct and Ethics which extends to our suppliers and vendors, as applicable. Employees are encouraged to notify the Legal Department of any claims of violations of this policy. We afford all employees meaningful whistleblower protections. All claims will be investigated and addressed without fear of reprisal.

Wellness Initiatives: We offer a robust wellness program to our employees that incorporates health benefits, including incentives for enrolling in exercise classes and for maintaining gym memberships, in order to improve their mental and physical well-being.

Health and Safety: We are committed to maintaining workplaces that are free from violence, intimidation and other unsafe or disruptive conditions. Our policy is to provide a safe and healthy workplace and comply with applicable occupational health and safety laws and regulations. These and other workforce policies extend to our suppliers and vendors, as applicable.

SOCIAL RESPONSIBILITY

OUR VENDORS

We expect our vendors and their representatives to conduct all business activities in compliance with the laws and regulations of the jurisdictions where they operate. These expectations include, but are not limited to, the following activities:

- Maintain professional standards throughout all business dealings, consistent with our Company's Code of Business Conduct and Ethics.
- Consult with our Legal Department on any legal matter impacting our Company.
- Maintain confidentiality of our data.
- Engage in ethical behavior, refraining from bribery and corruption.
- Comply with all anti-corruption, antitrust and fair competition laws.
- Conduct employment practices in accordance with all laws and regulations including, but not limited to, prohibiting the use of involuntary and child labor, complying with wage and hour laws and, if applicable, affording employees freedom of association and the opportunity to engage in collective bargaining.
- Provide a work environment free from discrimination or harassment based on race, sex, color, national origin, ethnicity, religion, age, disability, sexual orientation, gender identification or expression, or any other status protected by applicable law.
- Promote a safe and healthy work environment, comply with applicable occupational health and safety laws and regulations, and demonstrate a commitment to human rights.
- Comply with all applicable environmental laws and regulations.
- Reduce energy and water consumption and minimize carbon emissions and waste.

HUMAN RIGHTS

Our Company values respect for human rights in our relationships with our employees, vendors, tenants, and other business partners, consistent with the UN Universal Declaration of Human Rights and Guiding Principles on Business and Human Rights. Our commitment to human rights includes protection of women and minority groups and the right to water for all individuals. Employees are instructed about our human rights policy and are encouraged to notify the Legal Department of any claims of violations of this policy. Our commitment to human rights extends to our suppliers, vendors and business partners, as applicable.



GOVERNANCE

BOARD INDEPENDENCE

Independent Board: A majority of our Board is independent within the meaning of SEC rules and the listing standards of the New York Stock Exchange. We remain focused on Board composition and refreshment. Our Board is approximately 70% independent.

Independent Board Committees: Our Audit, Compensation and Nominating/Corporate Governance Committees are composed entirely of independent directors.

Lead Independent Director: Our Board has identified a Lead Independent Director.

Executive Sessions of Independent Directors: Our Independent Directors meet in executive session at least annually.

Financial Expert: Four out of five of our directors serving on our audit committee qualify as an “audit committee financial expert” under applicable SEC rules. (SEC rules require that at least one director qualify as an “audit committee financial expert”).

Annual Board Self-Evaluation: Our directors engage in annual, individual performance evaluations.

Plurality-Plus Voting Standard: Directors standing for election in uncontested elections are elected by a Plurality-Plus voting standard



ACCESSIBLE, DIVERSE AND ENGAGED MANAGEMENT TEAM

Open Communication: We encourage open communication and strong working relationships amongst all of our directors, our Chairman and our CEO.

Access to Management: Our directors have access to management and employees.

Diversity in Management Team: Our key functions are approximately 50% diverse based on gender, race or ethnicity.



GOVERNANCE

ROBUST OFFICER AND DIRECTOR STOCK OWNERSHIP

CEO Stock Ownership: Our Chief Executive Officer is required to own Common Shares having a value equal to at least six times his base salary and he is well within compliance of these requirements, currently owning in excess of 12 times his base salary as of fiscal year-end.

Named Executive Officer (NEO) Stock Ownership: Our Named Executive Officers are subject to Stock Ownership Guidelines recommending 2x their base salary.

Director Stock Ownership: Our Independent Directors are subject to Stock Ownership Guidelines recommending 3x their annual cash fee.

Substantial Insider Stock Ownership: The aggregate stock ownership of our directors and NEOs as of September 30, 2018 represents approximately 4.6% of our shares, which currently represents the third largest block of shareholders behind two institutional investors and helps align our management's interests with our shareholders' interests.

NEO Stock Holding Guidelines: Our Named Executive Officers retain (for a minimum of 24 months) at least 50% of the shares received upon vesting of restricted stock or the exercise of stock options (net of any shares sold or forfeited for payment of exercise price, tax or withholding).

Anti-Hedging Policy: We prohibit the purchase or sale of puts, calls, options or other derivative securities based on our securities by directors, officers or employees. Our policy also prohibits hedging or monetization transactions, such as forward sale contracts.

ACCOUNTABILITY TO SHAREHOLDERS

Clawback Policy: Performance-based compensation to a Named Executive Officer may be recouped if the NEO engaged in fraud or willful misconduct contributing to the need for a material restatement of financial results.

No Poison Pill: We do not have a stockholder rights plan.

Annual Say-on-Pay: Non-binding votes on executive compensation will take place on an annual basis.

Annual Assessment of Compensation: We annually assess our compensation policies to determine whether such policies encourage excessive risk taking.

Lowest Percentile Compensation: Total compensation for our executive management team is in the lowest percentile as compared to our peers.

Low Average Total Director Compensation: Average total Director compensation is approximately half of the average total director compensation of our peers.

Objective Performance Goals: Cash bonus program for our Chairman, CEO and CFO tied to objective financial performance goals.

No Excessive Perquisites or Other Benefits

No Repricing or Buyout of Stock Options

No Excise Tax Gross-ups

MONMOUTH REAL ESTATE INVESTMENT CORPORATION

A Public REIT since 1968

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