

MONMOUTH REAL ESTATE INVESTMENT CORP  
Form DEF 14A  
March 28, 2014

**SCHEDULE 14A**

**(RULE 14a-101)**

**SCHEDULE 14A INFORMATION**

**Proxy Statement Pursuant to Section 14(a)**

**of the Securities Exchange Act of 1934**

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**Filed by the Registrant:**

**Filed by a Party other than the Registrant:**

**Check the appropriate box:**

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as Permitted by Rule 14a-6 (e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to 240.14a-12

**Monmouth Real Estate Investment Corporation**

**(Name of Registrant as Specified in Its Charter)**

*(Name of Person(s) Filing Proxy Statement, if other than the Registrant)*

***Payment of Filing Fee (Check the appropriate box):***

No fee required.

Fee computed on table below per Exchange Act rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11 (a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the form or schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or registration Statement No:

(3) Filing Party:

(4) Date Filed:

**MONMOUTH REAL ESTATE INVESTMENT CORPORATION**

**Juniper Business Plaza, 3499 Route 9 North, Suite 3-C**

**Freehold, New Jersey 07728**

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

**MAY 13, 2014**

Notice is hereby given that the Annual Meeting of Shareholders (Annual Meeting) of Monmouth Real Estate Investment Corporation, a Maryland corporation (the Company), will be held on Tuesday, May 13, 2014, at 4:00 p.m., Eastern Time, at the offices of the Company at Juniper Business Plaza, 3499 Route 9 North, Suite 3-C, Freehold, New Jersey, for the following purposes:

1. To elect four Directors, each to hold office until the Company's annual meeting of shareholders in 2017 and until his or her successor is duly elected and qualifies;
2. To consider and vote upon the ratification of the appointment of PKF O'Connor Davies as the Company's independent registered public accounting firm for the fiscal year ending September 30, 2014;
3. To consider and vote upon an advisory resolution to approve the compensation of our named executive officers, as more particularly described in the accompanying Proxy Statement; and
4. To transact such other business as may properly come before the Annual Meeting and any adjournments or postponements thereof.

The Board of Directors of the Company has fixed the close of business on March 14, 2014, as the record date for the determination of shareholders entitled to notice of, and to vote at, the Annual Meeting or any adjournments or postponements thereof.

**IF YOU ARE UNABLE TO BE PRESENT IN PERSON, SHAREHOLDERS MAY VOTE PRIOR TO THE MEETING USING THE METHODS DETAILED ON PAGE 5 OF THIS PROXY STATEMENT.**

**BY ORDER OF THE BOARD OF DIRECTORS**

**ELIZABETH CHIARELLA**

**SECRETARY**

**March 28, 2014**

**MONMOUTH REAL ESTATE INVESTMENT CORPORATION**

**Juniper Business Plaza**

**3499 Route 9 North, Suite 3-C**

**Freehold, New Jersey 07728**

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**PROXY STATEMENT**

**ANNUAL MEETING OF SHAREHOLDERS**

**May 13, 2014**

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**SOLICITATION OF PROXIES**

This Proxy Statement is furnished in connection with the solicitation by the Board of Directors of Monmouth Real Estate Investment Corporation, a Maryland corporation (the Company), of proxies to be voted at the Annual Meeting of Shareholders of the Company (the Annual Meeting) to be held on Tuesday, May 13, 2014, at 4:00 p.m., Eastern Time, at the offices of the Company at Juniper Business Plaza, 3499 Route 9 North, Suite 3-C, Freehold, New Jersey 07728, and at any adjournments or postponements thereof, for the purposes listed in the preceding Notice of Annual Meeting of Shareholders (Notice). This Proxy Statement and the accompanying Proxy Card are being distributed on or about March 28, 2014, to shareholders of record as of the close of business on March 14, 2014. Unless the context requires otherwise, references in this Proxy Statement to “Monmouth”, “we”, “our”, “us” and the “Company” refer to Monmouth Real Estate Investment Corporation and its consolidated subsidiaries.

A copy of the Company’s annual report, including financial statements, was mailed to all shareholders of record on or about February 4, 2014, and is available on the Company’s website at [www.mreic.com](http://www.mreic.com).

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE SHAREHOLDER MEETING TO BE HELD ON MAY 13, 2014**

Under rules adopted by the U.S. Securities and Exchange Commission (SEC), you are able to obtain proxy materials via the Internet, instead of being mailed printed copies of those materials. This will expedite shareholders’ receipt of

proxy materials, lower the cost of the annual meeting, and help conserve natural resources. Please visit the website [www.proxyvote.com](http://www.proxyvote.com) to view electronic versions of proxy materials and the Company's 2013 Annual Report, and to request electronic delivery of future proxy materials. Have your Proxy Card or notice of Internet availability in hand when you access the website and follow the instructions. You will need your 12 digit Control Number which is located on your proxy card or notice of Internet availability. Shareholders also may request to receive proxy materials in printed form by mail or electronically by email on an ongoing basis.

## **MONMOUTH CONTACT INFORMATION**

The mailing address of our principal executive office is Juniper Business Plaza, 3499 Route 9 North, Suite 3-C, Freehold, New Jersey 07728, and our main telephone number is (732) 577-9996. We maintain an Internet website at [www.mreic.com](http://www.mreic.com). Information at or connection to our website is not incorporated by reference into this Proxy Statement, and is not and should not be considered part of this Proxy Statement.

## **FREQUENTLY ASKED QUESTIONS ABOUT THE ANNUAL MEETING**

***What is the purpose of the Annual Meeting of Shareholders?*** At the Annual Meeting, shareholders will vote upon matters described in the Notice, including the election of directors, the ratification of the selection of PKF O'Connor Davies as our independent registered public accounting firm and the advisory resolution to approve the compensation of our named executive officers. Once the business of the Annual Meeting is concluded, members of management will respond to questions raised by shareholders, as time permits.

***Who can attend the Annual Meeting?*** All of our common shareholders as of the close of business on March 14, 2014, the record date for the Annual Meeting, or individuals holding their duly authorized proxies, may attend the Annual Meeting. You should be prepared to present photo identification for admittance. Appointing a proxy in response to this solicitation will not affect a shareholder's right to attend the Annual Meeting and to vote in person. Please note that if you hold your common stock in "street name" (that is, through a broker, bank or other nominee), you will need to bring a copy of a brokerage statement reflecting your stock ownership as of the close of business on March 14, 2014, the record date for the Annual Meeting, to gain admittance to the Annual Meeting.

***What am I voting on?*** At the Annual Meeting, you may consider and vote on:

- the election of four directors;

the ratification of the appointment of PKF O'Connor Davies as our independent registered public accounting firm for the fiscal year ending September 30, 2014; and

the advisory resolution to approve the compensation of our named executive officers, as described in this Proxy Statement.

We are not aware of any other business, other than procedural matters relating to the Annual Meeting or the proposals listed above, that may properly be brought before the Annual Meeting.

***What are the Board's recommendations?*** The Board recommends a vote:

- ***FOR*** the election of each nominee for election as a director named in this Proxy Statement (Proposal No. 1);

***FOR*** the ratification of the appointment of PKF O'Connor Davies as our independent registered public accounting firm for the fiscal year ending September 30, 2014 (Proposal No. 2); and

***FOR*** the approval of the advisory resolution to approve the compensation of our named executive officers, as described in this Proxy Statement (Proposal No. 3).

Unless you give other instructions on your proxy card, the persons named as proxy holders on the proxy card will vote in accordance with the recommendations of the Board.

***Who may vote?*** You may vote if you owned shares of our common stock at the close of business on March 14, 2014, which is the record date for the Annual Meeting. You are entitled to cast one vote for as many individuals as there are directors to be elected at the Annual Meeting and to cast one vote on each other matter presented at the Annual Meeting for each share of common stock you owned as of the record date. Cumulative voting is not permitted in the election of directors.

***What is a quorum for the Annual Meeting?*** As of March 14, 2014, we had 46,868,838 shares of common stock outstanding. In order to conduct a meeting, shareholders entitled to cast a majority of the votes entitled to be cast at the Annual Meeting must be present in person or by proxy. No business may be conducted at the Annual Meeting if a quorum is not present. If you submit a properly executed proxy card or vote by telephone or on the Internet, you will be considered part of the quorum. Abstentions and broker "non-votes" will be counted as present and entitled to vote for purposes of determining a quorum. A broker "non-vote" results when a bank, broker or other nominee who holds shares for another person has not received voting instructions from the owner of the shares and, under the applicable rules,



does not have discretionary authority to vote on a matter.

***What vote is required to approve an item of business at the Annual Meeting?*** To be elected as a director (Proposal No. 1), a nominee must receive a plurality of the votes cast in the election of directors. To ratify the appointment of PKF O'Connor Davies as our independent registered public accounting firm (Proposal No. 2), the affirmative vote of a majority of the votes cast on the proposal is required. To approve the advisory resolution approving the compensation of our named executive officers described in this Proxy Statement (Proposal No. 3), the affirmative vote of the majority of the votes cast on the proposal is required.

If you are a shareholder of record as of the record date for the Annual Meeting and you authorize a proxy (whether by Internet, telephone or mail) without specifying voting instructions on any matter to be considered at this Annual Meeting, the proxy holders will vote your shares according to the Board's recommendation on that matter and in their discretion on any other matter that may properly come before the Annual Meeting.

If you are a shareholder of record as of the record date for the Annual Meeting and you fail to authorize a proxy or attend the meeting and vote in person, assuming that a quorum is present at the Annual Meeting, it will have no effect on the result of the vote on any of the matters to be considered at the Annual Meeting.

If you hold your shares through a broker, bank or other nominee, under the rules of the New York Stock Exchange (NYSE), your broker or other nominee may not vote with respect to certain proposals unless you have provided voting instructions with respect to that proposal. As noted above, this is referred to as a broker "non-vote." A broker non-vote is not considered a vote cast on a proposal and broker non-votes will have no effect on the vote on any of the matters to be considered at the Annual Meeting. If you hold your shares in a brokerage account, then, under NYSE rules and Maryland law, your broker is entitled to vote your shares on Proposal No. 2 (Ratification of Independent Registered Public Accounting Firm) if no instructions are received from you, but your broker is not entitled to vote on Proposal No. 1 (Election of Directors) and Proposal No. 3 (Advisory Approval of Executive Compensation) without specific instructions from you. If you instruct your proxy or broker to "abstain" on any matter, it will have no effect on the vote on any of the matters to be considered at the Annual Meeting.

***How do I vote?*** If you plan to attend the Annual Meeting and wish to vote in person, we will give you a ballot at the Annual Meeting. However, if your common stock is held in the name of your broker, bank or other nominee, and you want to vote in person, you will need to obtain a legal proxy from the institution that holds your common stock.

If your common stock is held of record in your name, there are three ways for you to authorize a proxy:

***By Telephone or on the Internet*** – You can authorize a proxy by calling the toll-free telephone number on your Proxy Card or Notice. Please have your Proxy Card or Notice in hand when you call. Easy-to-follow voice prompts allow

you to authorize a proxy to vote your shares and confirm that your instructions have been properly recorded. The website for Internet voting is *www.proxyvote.com*. Please have your Proxy Card or Notice handy when you go online. As with telephone voting, you can confirm that your instructions have been properly recorded. Telephone and Internet voting facilities for shareholders of record will be available 24 hours a day, and will close at 11:59 p.m., Eastern Time, on May 12, 2014. The availability of telephone and Internet voting for beneficial owners will depend on the voting processes of your broker, bank or other holder of record. Therefore, the Company recommends that you follow the voting instructions in the materials you receive. If you vote by telephone or on the Internet, you do not have to return your Proxy Card.

*By Mail* – If you received your Annual Meeting materials by mail, you may complete, sign and date the Proxy Card or voting instruction card and return it in the prepaid envelope. If you are a shareholder of record and you return your signed Proxy Card but do not indicate your voting preferences, the persons named in the Proxy Card will vote the shares represented by that proxy as recommended by the Board of Directors on each matter listed in this Proxy Statement and in their discretion on any other matter properly brought before the Annual Meeting.

*In Person at the Annual Meeting* – All shareholders of record may vote in person at the Annual Meeting. You may also be represented by another person at the Annual Meeting by executing a proper proxy designating that person. Even if you plan to attend the Annual Meeting, we request that you authorize a proxy in advance as described above so that your vote will be counted if you later decide not to attend the Annual Meeting.

If you mail us your properly completed and signed proxy card, or authorize a proxy to vote your shares by telephone or Internet, your votes will be cast according to the choices that you specify. Unless you indicate otherwise on your proxy card, the persons named as your proxies will cast your votes: FOR all of the nominees for director named in this Proxy Statement; FOR the ratification of PKF O'Connor Davies, as our independent registered public accounting firm; FOR the advisory resolution to approve the compensation of our named executive officers; and in their discretion on such additional matters.

If your common stock is held in the name of your broker, bank or other nominee, you should receive separate instructions from the holder of your common stock describing how to provide voting instructions.

***Can I revoke my proxy?*** Yes, if your common stock is held in your name, you can revoke your proxy by:

- Filing written notice of revocation before our Annual Meeting with our Secretary at the address shown on the front of this Proxy Statement;
  
- Signing a proxy bearing a later date; or
  
- Voting in person at the Annual Meeting.

Attendance at the Annual Meeting will not, by itself, revoke a properly-executed proxy. If your common stock is held in the name of your broker, bank or other nominee, please follow the voting instructions provided by the holder of your common stock regarding how to revoke your instructions.

***Who pays for this proxy solicitation?*** The cost of preparing, assembling and distributing this Proxy Statement and form of proxy, and the cost of soliciting the proxies related to the Annual Meeting will be borne by the Company. The Company does not intend to solicit proxies otherwise than by use of the mail, internet and telephone, but certain officers and regular employees of the Company, without additional compensation, may use their personal efforts, by telephone or otherwise, to obtain proxies.

We will also request brokerage firms, banks, nominees, custodians and fiduciaries to forward proxy materials to the beneficial owners of shares of our stock as of the record date and will reimburse them for the cost of forwarding the proxy materials in accordance with customary practice. Your cooperation in promptly voting your shares and authorizing your proxy by the Internet or telephone, or by completing and returning the enclosed proxy card (if you received your proxy materials in the mail) will help to avoid additional expense.

## PROPOSAL 1

### ELECTION OF DIRECTORS

The Company's charter and bylaws provide for a classified board of directors comprised of Class I, II, and III directors. Four Class II directors are scheduled to be elected at the Annual Meeting to serve until the Company's annual meeting of shareholders in 2017 and until their successors are duly elected and qualify. The four nominees for election as Class II directors are set forth below. The proxy holders will vote all proxies received by them for the nominees listed below or, if any such nominee is unwilling or unable to serve, for any other nominee designated by the Company's Board of Directors. As of the date of this proxy statement, the Company's Board of Directors is not aware of any other individual who may properly be nominated for election as a Class II director at the Annual Meeting or of any nominee who is unable or unwilling to serve as director, if elected. The nominees listed below are currently each serving as a director of the Company and each has consented, if elected as a director, to serve until his or her term expires.

The Company's Board of Directors currently consists of 11 directors, four of whom have terms expiring at the Annual Meeting and when their successors are duly elected and qualify.

**INFORMATION REGARDING DIRECTOR NOMINEES**

The following information concerning the principal occupation, other affiliations and business experience of each of the four Class II Director nominees during the last five years has been furnished to the Company by such nominee:

<u>Nominee</u>	<u>Age</u>	<b>Present Position with the Company; Business</b>	<b>Experience During Past Five Years; Other</b>	<b>Director <u>Since</u></b>
Brian H. Haimm	44		<p><b>U_UU_U Directorships</b>  <b>Independent Director.</b> Chief Financial Officer and Chief Operating Officer (2006 to present) of Ascend Capital, a private equity firm. Mr. Haimm's extensive experience in accounting, finance and the real estate industry is the primary reason, among others, why Mr. Haimm serves on our Board.</p>	2013
Neal Herstik	55		<p><b>Independent Director.</b> Attorney at Law, Gross, Truss &amp; Herstik, PC (1997 to present). Co-founder and former President, Manalapan-Englishtown Education Foundation, Inc., a non-profit corporation (1995 to 2001). Mr. Herstik's extensive legal experience and experience in the real estate industry are primary, among other reasons, why Mr. Herstik serves on our Board.</p>	2004
Matthew I. Hirsch	54		<p><b>Independent Director.</b> Attorney at Law (1985 to present) Law Office of Matthew I. Hirsch; Adjunct Professor of Law, Widener University School of Law (1993 to present). Director (2013 to present) of UMH Properties, Inc., an affiliated company. Mr. Hirsch's extensive legal experience and experience in the real estate industry are primary, among other reasons, why Mr. Hirsch serves on our Board.</p>	2000

<u>Nominee</u>	<u>Age</u>	<b>Present Position with the Company; Business</b>	<b>Experience During Past Five Years; Other</b>	<b>Director <u>Since</u></b>
Stephen B. Wolgin	59		<p style="text-align: center;"><u>Directorships</u></p> <p><b>Independent Director.</b> Managing Director of U.S. Real Estate Advisors, Inc. (2000 to present), a real estate advisory services group based in New York. Partner with the Logan Equity Distressed Fund (2007 to present). Director (2007 to present) of UMH Properties, Inc., an affiliated company. Prior affiliations with J.P. Morgan, Odyssey Associates, The Prudential Realty Group, Standard &amp; Poor's Corporation, and Grubb and Ellis. Mr. Wolgin's extensive experience as a real estate and finance consultant and experience in the real estate industry are primary, among other reasons, why Mr. Wolgin serves on our Board.</p>	2003

At the Annual Meeting, the shareholders of the Company will be requested to elect four Class II Directors. A plurality of the votes cast, in person or by proxy at the Annual Meeting, assuming a quorum is present, is required to elect a nominee.

**THE COMPANY'S BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS YOU VOTE "FOR" THE ELECTION OF THE FOUR NOMINEES NAMED ABOVE**

**INFORMATION CONCERNING CONTINUING DIRECTORS  
AND EXECUTIVE OFFICERS**

**Class III Directors with Terms Expiring in 2015**

<b>Nominee</b>	<b>Age</b>	<b>Directorships</b>	<b>Director Since</b>
Catherine B. Elflein	53	<b>Independent Director.</b> Certified Public Accountant. Senior Director – Risk Management (2006 to present) at Celgene Corporation, a biopharmaceutical company; Controller of Captive Insurance Companies (2004 to 2006) and Director – Treasury Operations (1998 to 2004) at Celanese Corporation. Ms. Elflein’s extensive experience in accounting, finance and risk management is primary, among other reasons, why Ms. Elflein serves on our Board.	2007
Eugene W. Landy	80	<b>Chairman of the Board (1968 to present), President and Chief Executive Officer (1968 to April 2013) and Director.</b> Attorney at Law. Partner of the Law Firm of Landy & Landy; Chairman of the Board (1995 to present), Director (1969 to present) and President (1969 to 1995) of UMH Properties, Inc., an affiliated company. As our Chairman and Founder, Mr. Landy’s unparalleled experience in real estate investing is primary, among other reasons, why Mr. Landy serves on our Board.	1968
Michael P. Landy	52	<b>President and Chief Executive Officer (April 2013 to present), Chairman of the Executive Committee (2010 to present) and Director.</b> Chief Operating Officer (2011 to April 2013), Executive Vice President (2009 to 2010), Executive Vice President-Investments (2006 to 2009), and Vice President-Investments (2001 to 2006). Director (2011 to present), Executive Vice President (2010 to 2012) and Vice President-Investments (2001 to 2010) of UMH Properties, Inc., an affiliated company. Member of New York University’s REIT Center Board of Advisors (2013 to present). Mr. Landy’s role as our President and Chief Executive Officer and extensive experience in real estate finance, investment, capital markets and operations management are primary, among other reasons, why Mr. Landy serves on our Board.	2007
Samuel A. Landy	53	<b>Director.</b> Attorney at Law (1985 to present), Partner of the Law firm of Landy & Landy; President (1995 to present), Vice President (1991 to 1995) and Director (1992 to present) of UMH Properties, Inc., an affiliated company. Mr. Landy’s extensive experience in real estate investment and REIT leadership is primary, among other reasons, why Mr. Landy serves on	1989

our Board.

### Class I Directors with Terms Expiring in 2016:

<u>Nominee</u>	<u>Age</u>	<u>Present Position with the Company; Business</u>	<u>Director Since</u>
		<u>Experience During Past Five Years; Other Directorships</u>	
Anna T. Chew	55	<b>Treasurer (2010 to present) and Director.</b> Interim Chief Financial Officer (March 30, 2012 to July 2, 2012). Chief Financial Officer (1991 to 2010). Certified Public Accountant, Vice President and Chief Financial Officer (1995 to present) and Director (1994 to present) of UMH Properties, Inc., an affiliated company. Ms. Chew's extensive public accounting, finance and real estate industry experience is primary, among other reasons, why Ms. Chew serves on our Board.	2007
Daniel D. Cronheim	59	<b>Director.</b> Attorney at Law (1979 to present). Certified Property Manager (2010 to present) President (2000 to present) of David Cronheim Mortgage Company, a privately-owned real estate investment banker. Executive Vice President (1997 to present) of Cronheim Management Services, Inc., a real estate management firm. Executive Vice President (1989 to present) and General Counsel (1983 to present) of David Cronheim Company, a real estate 1989 brokerage firm; Director, Chairman of Compensation Committee and Audit Committee (2000 to November 2013) of Hilltop Community Bank. Mr. Cronheim's extensive experience in real estate management and the mortgage industry is primary, among other reasons, why Mr. Cronheim serves on our Board.	
		<b>Present Position with the Company; Business</b>	
		<b>Experience During Past Five Years; Other</b>	
<u>Nominee</u>	<u>Age</u>	<u>Directorships</u>	<u>Director Since</u>
Scott L. Robinson	43	<b>Lead Independent Director.</b> Managing Partner, Cadence Capital Group, LLC, a real estate principal investment firm; Director, The REIT Center at New York University (2008 to present); Member of New York University's REIT Center Board of Advisors (2013 to present). Vice President, Citi Markets and Banking (2006 to 2008) at Citigroup; Senior REIT and CMBS analyst at Standard & Poor's, (1998 to 2006). Mr. Robinson's extensive experience in real estate finance and investment is primary, among other reasons, why Mr. Robinson serves on our Board.	2005

Six of the Company's directors are also directors of UMH Properties, Inc. (UMH), a publicly-owned affiliate of the Company, which primarily engages in manufactured housing related real estate transactions.

<b>Officer</b>	<b>Age</b>	<b>Present Position with the Company; Business Experience During Past Five Years; Other Directorships</b>	<b>Director Since</b>
Kevin S. Miller	44	<b>Chief Financial Officer (July 2012 to present), Chief Accounting Officer and Member of the Executive Committee (May 2012 to present).</b> Certified Public Accountant. Assistant Controller and Assistant Vice-President (2005 to May 2012) of Forest City Ratner, a real estate developer, owner and operator and a wholly-owned subsidiary of a publicly-held company, Forest City Enterprises, Inc. Audit Manager (1993 to 2005) of PKF, Certified Public Accountants, A Professional Corporation.	N/A
Allison Nagelberg	49	<b>General Counsel (2000 to present) and Member of the Executive Committee (2010 to present).</b> Attorney at Law (1989 to present). General Counsel (2000 to 2013) of UMH Properties, Inc., an affiliated company.	N/A

## **CORPORATE GOVERNANCE AND BOARD MATTERS**

We are committed to maintaining sound corporate governance principles. The Board of Directors has periodically updated and approved formal Corporate Governance Guidelines that address the qualifications and responsibilities of Directors, Director independence, committee structure and responsibilities, and interactions with management, among other matters. The Corporate Governance Guidelines are available on the Company's website at [www.mreic.com](http://www.mreic.com). Together with the charter and bylaws of the Company and the Charters of the Board's committees, the Corporate Governance Guidelines provide the framework for the governance of the Company.

### **Board Leadership Structure and Role in Risk Oversight**

Since the Company's inception in 1968, the positions of Chief Executive Officer and Chairman of the Board of Directors were combined. For more than forty years, both positions were held by Eugene W. Landy. Effective April 9, 2013, as part of the Board's succession planning strategy, Michael P. Landy was elected as the Company's President and Chief Executive Officer. Mr. Michael Landy, who served as the Company's Chief Operating Officer since 2011 and Chairman of the Company's Executive Committee since 2010, will continue to serve as Chairman of the



Company's Executive Committee and as a member of the Company's Board of Directors. Mr. Eugene W. Landy continues to serve as Chairman of the Board of Directors. The Board of Directors has selected a Lead Independent Director, Scott Robinson, to preside at executive sessions of the non-management directors. The Board reviews the structure of the Board and Company leadership as part of the succession planning process.

During 2010, the Board appointed an Executive Committee of the Company (the EC) to (1) manage the day to day activities of the Company, (2) assist the President and Chief Executive Officer in the overall management of the Company, and (3) provide for business continuity. The EC operates under a written charter and provides a mechanism for key officers and staff to engage in all facets of the Company. The EC is composed of Michael P. Landy - President and Chief Executive Officer and Chairman of the EC, Kevin S. Miller - Chief Financial Officer, Allison Nagelberg - General Counsel, and Richard Molke - Director of Property Management. The EC is subject to the provisions of the Company's bylaws. An EC member may be removed for any reason by the Board. Members of the Board of Directors may attend meetings of the EC by invitation.

The EC has the following duties and responsibilities:

- To manage the day-to-day business and affairs of the Company which do not require Board action;
- To confer with and assist the President and Chief Executive Officer;
- To implement corporate actions after approval by the full Board;

To review and recommend to the Board investment activities and funding;

To review strategic plans and the strategic focus of management;

To review and approve acquisitions, expansions, and leasing, and make recommendations in regard thereto for Board approval;

- To engage consultants and advisors at the expense of the Company to assist the EC as it deems necessary in the performance of its functions with the authority to retain and terminate any such professionals, consultants and advisors, and to approve all fees and other retention terms resulting therefrom;
- To make regular reports to the Board, as appropriate; and
- To review and reassess the adequacy of its charter regularly and recommend any proposed changes to the Board for approval.

The Board of Directors oversees the Company's enterprise-wide approach to the major risks facing the Company and oversees the Company's policies for assessing and managing its exposure to risk. The Board periodically reviews these risks and the Company's risk management processes. The Board also considers risk in evaluating the Company's strategy. The Board's responsibilities include reviewing the Company's practices with respect to risk assessment and risk management, and reviewing contingent liabilities and risks that may be material to the Company. The Audit Committee reviews the Company's financial and compliance risks and major legislative and regulatory developments which could materially impact the Company. The Compensation Committee oversees management's assessment of whether the Company's compensation structure, policies and programs create risks that are reasonably likely to have a material adverse effect on the Company.

## **Board Independence**

The Company's Corporate Governance Guidelines include specific Director Independence Standards that comply with applicable rules of the SEC and the listing standards of the NYSE. The Board requires that at least a majority of its Directors satisfy this definition of independence. The Board of Directors has considered business and other relationships between the Company and each of its Directors, including information provided to the Company by the Directors. Based upon its review, the Board of Directors has determined that all of its Directors, other than Ms. Anna Chew and Messrs. Daniel D. Cronheim, Eugene W. Landy, Michael P. Landy, and Samuel A. Landy, are independent, consistent with the Corporate Governance Guidelines. The Corporate Governance Guidelines, which incorporate the NYSE Director Independence Standards, are available at the Company's website located at [www.mreic.com](http://www.mreic.com) and are available in print upon request.

### **Committees of the Board of Directors and Meeting Attendance**

The Board of Directors had four meetings during the last fiscal year. No Director attended fewer than 75% of the meetings of the Board of Directors and of meetings of the Committees on which he or she served. The Company does not have a policy concerning Directors' attendance at the Annual Meeting of Shareholders. Four Directors attended the Company's 2013 Annual Meeting of Shareholders.

The Company has a standing Audit Committee, Compensation Committee and Nominating Committee of the Board of Directors. Each of these committees is composed exclusively of independent directors.

### **Audit Committee**

The Audit Committee's responsibilities include reviewing and overseeing financial reporting, policies and procedures and internal controls, retaining the independent registered public accounting firm, approving the audit fees, and monitoring the qualifications, independence and performance of the Company's independent registered public accounting firm. It also oversees the internal audit function, legal and regulatory compliance, establishing procedures for complaints received regarding the Company's accounting, internal accounting controls and auditing matters. In addition, the Audit Committee prepares the Audit Committee Report which is included in the Company's annual proxy statements. The Audit Committee had four meetings during the fiscal year, including an executive session with the independent auditors, in which management did not attend. The Audit Committee operates under the Audit Committee Charter which is available on the Company's website at [www.mreic.com](http://www.mreic.com).

The current members of the Company's Audit Committee are Catherine B. Elflein, Brian H. Haimm, Matthew I. Hirsch, Scott Robinson, and Stephen B. Wolgin (who serves as Chairman of the Audit Committee). The Board has determined that the members of the Audit Committee are "independent" as defined by the rules of the SEC and the listing standards of the NYSE, and that each of them is able to read and understand fundamental financial statements. The Board has also determined that Stephen B. Wolgin, Catherine B. Elflein, and Brian H. Haimm are "audit committee financial experts" within the meaning of the rules of the SEC and are "financially literate" within the meaning of the rules of the NYSE.

## **Compensation Committee**

The Compensation Committee's responsibilities include (1) evaluating the Chief Executive Officer's and other executive officers' performance in light of the Company's goals and objectives and determining the Chief Executive Officer's and other executive officers' compensation, which includes base salary and bonus; and (2) administering the Company's 2007 Stock Option and Stock Award Plan, as Amended and Restated (2007 Plan). The Compensation Committee had at least one meeting during the last fiscal year. The current members of the Compensation Committee are Matthew I. Hirsch and Stephen B. Wolgin (who serves as the Chairman of the Compensation Committee). The Board has determined that the members of the Compensation Committee are independent as defined by the rules of the SEC and the listing standards of the NYSE. The Compensation Committee operates under the Compensation Committee Charter which can be found at the Company's website at [www.mreic.com](http://www.mreic.com).

## **Nominating Committee**

The Nominating Committee identifies, considers and recommends candidates to serve as members of the Board and makes recommendations regarding the structure and composition of the Board of Directors and Committees. The Nominating Committee had at least one meeting during the last fiscal year. The current members of the Nominating Committee are Neal Herstik, Matthew I. Hirsch (who serves as the Chairman of the Nominating Committee), and Stephen B. Wolgin. The Board of Directors has determined that each member of the Nominating Committee is "independent" as defined by the rules of the SEC and the listing standards of the NYSE. The Nominating Committee operates under the Nominating Committee Charter which can be found at the Company's website at [www.mreic.com](http://www.mreic.com).

The principal function of the Nominating Committee is to review and select candidates for nomination to the Board of Directors. The Nominating Committee will consider appropriate nominees for directors whose names are submitted in writing by a shareholder and evaluates them using the same criteria as for other candidates. See "Shareholder Communications" on page 17 for more information.

The Nominating Committee has established a process for identifying and evaluating nominees for director. The Nominating Committee will annually assess the qualifications, expertise, performance and willingness to serve of existing directors. If at this time or at any other time during the year the Board of Directors determines a need to add a new director with specific qualifications or to fill a vacancy on the Board, the Chair of the Nominating Committee will then initiate the search, seeking input from other directors and senior management, considering nominees previously submitted by shareholders, and, if the Nominating Committee deems necessary or appropriate, hiring a search firm. The Nominating Committee considers diversity of background and personal experience in identifying director candidates. An initial slate of candidates satisfying the specific qualifications, if any, and otherwise qualifying

for membership on the Board, will then be identified and presented to the Nominating Committee by the Committee Chairman. The Nominating Committee will then prioritize the candidates and determine if the Nominating Committee members, other directors or senior management have relationships with the preferred candidates and can initiate contact with the candidate. To the extent feasible, all of the members of the Nominating Committee and the President will interview the prospective candidate(s). Evaluations and recommendations of the interviewers are submitted to the Nominating Committee for final evaluation. The Nominating Committee will then meet to consider such recommendations and to select the final candidate(s). The Nominating Committee will evaluate all nominees for director, including nominees recommended by a shareholder, on the same basis.

To date, there are no third parties being compensated for identifying and evaluating candidates.

### **Independent Director Meetings**

The Company's independent directors, as defined under the listing standards of the NYSE, have established a policy to meet separately from the other directors in a regularly scheduled executive session at least annually, and at such additional times as may be deemed appropriate by the Company's independent directors. Any independent director may call an executive session of independent directors at any time. The independent directors had at least one meeting during the last fiscal year. The Board of Directors has selected a Lead Independent Director, Scott Robinson, to preside at executive sessions of the non-management directors.

### **Shareholder Communications**

Shareholders and other interested parties who desire to contact the Company's Board of Directors may do so by writing to: Board of Directors, c/o Secretary, Monmouth Real Estate Investment Corporation, 3499 Rt. 9 N, Suite 3-C, Freehold, NJ 07728. Communications received will be distributed to the Chairperson of the appropriate committee of the Board depending on the facts and circumstances outlined in the communication. Shareholders and other interested parties also may direct communications solely to the Independent Directors of the Company by addressing such communications to the Independent Directors, c/o Secretary, at the address set forth above. In addition, the Board of Directors maintains special procedures for the receipt, retention and treatment of complaints that may be received by the Company regarding accounting, internal accounting controls or auditing matters and for the submission by employees of the Company, on a confidential and anonymous basis, of concerns regarding questionable accounting or auditing matters. Such communications may be made by writing to the Audit Committee of the Board of Directors, c/o Secretary, at the address set forth above. Any such communication marked "Confidential" will be forwarded by the Secretary, unopened, to the Chairman of the Audit Committee.

### **Code of Conduct**

The Company has adopted a Code of Business Conduct and Ethics, which applies to all Directors, officers, and employees of the Company, including its principal executive officer and principal financial officer. This code is posted on our website at [www.mreic.com](http://www.mreic.com). During 2013, no violations of the Code of Business Conduct and Ethics were reported nor were any waivers granted.

## PROPOSAL 2

### APPROVAL OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

At the Annual Meeting the Company's common shareholders will be asked to consider and vote on a proposal to ratify the appointment of PKF O'Connor Davies (PKF) as the Company's independent registered public accounting firm for the fiscal year ending September 30, 2014. The Company's charter and bylaws do not require that its shareholders ratify the appointment of PKF as the Company's independent registered public accounting firm. The Company is asking its common shareholders to ratify this appointment as a matter of good corporate practice. If the Company's common shareholders do not ratify the appointment of PKF, the Company's Audit Committee will reconsider whether to retain PKF as the Company's independent registered public accounting firm, but may determine to do so. Even if the appointment of PKF is ratified by the Company's common shareholders, the Audit Committee may change the appointment at any time during the year if it determines that a change would be in the best interest of the Company. The Company expects a representative of PKF to be present at the Annual Meeting, to make a statement if he or she

desires to do so and to respond to appropriate questions.

A majority of the votes cast in person or by proxy at the Annual Meeting, assuming a quorum is present, is required to ratify the selection of PKF O'Connor Davies as our independent registered public accounting firm for the fiscal year ending September 30, 2014.

**THE COMPANY'S BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS YOU VOTE "FOR" THE PROPOSAL TO RATIFY THE APPOINTMENT OF PKF O'CONNOR DAVIES AS THE COMPANY'S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2014**

## PROPOSAL 3

### ADVISORY VOTE ON EXECUTIVE COMPENSATION

In accordance with Section 14A of the Exchange Act, our shareholders are entitled to cast an advisory vote at the Annual Meeting to approve the compensation of our named executive officers, as disclosed pursuant to the SEC's compensation disclosure rules, including the "Compensation Discussion and Analysis" section of this Proxy Statement, the compensation tables and narrative disclosures. At the annual meeting of shareholders held on May 5, 2011, the Company's shareholders approved by their advisory vote the compensation of the named executive officers. The shareholders also expressed a preference that advisory votes on executive compensation occur every three years. Accordingly, a shareholder advisory vote on executive compensation will be held at the Annual Meeting. We expect that the next advisory vote on executive compensation will occur at the 2017 annual meeting of shareholders. The results of this advisory vote are not binding on the Compensation Committee, the Company or our Board of Directors. Nevertheless, the Board of Directors values input from our shareholders and will consider carefully the results of this vote when making future decisions concerning executive compensation. The affirmative vote of a majority of the votes cast at the Annual Meeting, in person or by proxy, assuming a quorum is present, is required to approve the advisory resolution approving the compensation of our named executive officers.

Our executive compensation programs are described in detail in this proxy statement in the section titled "Compensation Discussion and Analysis", the compensation tables and narrative discussion beginning on page 24. These programs are designed to attract and retain talented individuals who possess the skills and expertise necessary to lead the Company. The 2007 Plan, which is the primary vehicle for providing long-term incentive compensation to our named executive officers, has been previously voted upon and approved by our shareholders.

The Compensation Committee regularly reviews all elements of the compensation paid to our named executive officers. The Committee believes that the Company's present compensation programs, as presented in the Compensation Discussion and Analysis section and the accompanying tables and related narrative disclosure in this proxy statement, promote in the best manner possible our business objectives while aligning the interests of the named executive officers with our shareholders to ensure continued positive financial results. Our results support this conclusion. By adhering to a business plan that has emphasized single tenant industrial properties, secured by long-term net leases, primarily to investment grade tenants, coupled with a strong balance sheet, the Company has continued to grow and deliver positive results to our shareholders. The Company remains among the leaders in the REIT sector in generating long-term total returns for our shareholders. The Company is proud of its long-term record of dividends and profitability. The compensation programs for our named executives are a key ingredient in motivating these executives to continue to deliver such results. Accordingly, we ask our shareholders to vote "FOR" the following resolution at the Annual Meeting:

“RESOLVED, that the shareholders approve, on an advisory basis, the compensation of our named executive officers, as disclosed pursuant to Item 402 of Regulation S-K, including the Compensation Discussion and Analysis, the compensation tables and narrative discussion in the Proxy Statement.”

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR  
THE ADVISORY RESOLUTION TO APPROVE THE COMPENSATION OF OUR NAMED EXECUTIVE  
OFFICERS AS DESCRIBED IN THIS PROXY STATEMENT**

**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The following table lists information with respect to the beneficial ownership of the Company’s common stock (Common Shares) as of March 14, 2014, by:

each person known by the Company to beneficially own more than five percent of the Company’s outstanding Common Shares;

the Company’s directors;  
the Company’s executive officers; and  
all of the Company’s executive officers and directors as a group.

Unless otherwise indicated, the person or persons named below have sole voting and investment power and that person’s address is c/o Monmouth Real Estate Investment Corporation, Juniper Business Plaza, 3499 Route 9 North, Suite 3-C, Freehold, New Jersey 07728. In determining the number and percentage of Common Shares beneficially owned by each person, Common Shares that may be acquired by that person under options exercisable within sixty (60) days of March 14, 2014, are deemed beneficially owned by that person and are deemed outstanding for purposes of determining the total number of outstanding Common Shares for that person, but are not deemed to be outstanding for the purpose of computing the ownership percentage of any other person.



<u>Name and Address of Beneficial Owner</u>	<u>Amount and Nature of Beneficial Ownership (1)</u>	<u>Percentage of Shares Outstanding(2)</u>
The Vanguard Group, Inc. 100 Vanguard Boulevard Malvern, PA 19355	3,765,344(3)	8.03%
BlackRock Inc. 40 East 52 <sup>nd</sup> Street New York, New York 10022	3,477,512(4)	7.42%
Oakland Financial Corporation 34200 Mound Road Sterling Heights, Michigan 48310	2,541,865(5)	5.42%
Anna T. Chew	353,923(6)	*
Daniel D. Cronheim	168,101	*
Catherine B. Elflein	9,218(7)	*
Brian H. Haimm	2,000	*
Neal Herstik	10,114(8)	*
Matthew I. Hirsch	66,520	*

Eugene W. Landy	1,872,580(9)	3.96%
Michael P. Landy	472,532(10)	1.03%
Samuel A. Landy	376,316(11)	*
	11,188	
Kevin S. Miller		*
Allison Nagelberg	36,757(12)	*
Scott Robinson	9,218(13)	*
Katie Rytter	4,509(14)	*
		*
Stephen B. Wolgin	39,566(15)	
Directors and Officers as a group		7.49%

\*Less than 1%.

(1) Except as indicated in the footnotes to this table and pursuant to applicable community property laws, the Company believes that the persons named in the table have sole voting and investment power with respect to all Common Shares listed.

(2) Based on the number of Common Shares outstanding on March 14, 2014, which was 46,868,838.

(3) Based on Schedule 13G/A filed with the SEC on February 11, 2014, The Vanguard Group, Inc. owns 3,765,244 Common Shares. Includes 60,700 Common Shares which The Vanguard Group, Inc. has shared dispositive power. Vanguard Fiduciary Trust Company, a wholly-owned subsidiary of The Vanguard Group, Inc., is the beneficial owner of 60,700 Common Shares or 0.13% of the outstanding Common Shares as a result of its serving as investment manager of collective trust accounts. Vanguard Investments Australia, Ltd., a wholly-owned subsidiary of The Vanguard Group, Inc., is the beneficial owner of 1,400 Common Shares or 0.00% of the outstanding Common Shares as a result of its serving as investment manager of Australian investment offerings.

(4) Based on Schedule 13G/A filed with the SEC on January 29, 2014, BlackRock Inc. has sole dispositive power over 3,477,512 Common Shares and sole voting power over 3,315,192 Common Shares.

(5) Based on Schedule 13D filed with the SEC on October 30, 2013, Oakland Financial Corporation (Oakland) owns 54,630 Common Shares, Liberty Bell Agency, Inc. (Liberty Bell) owns 634 Common Shares, and Cherokee Insurance Company (Cherokee) owns 2,302,462 Common Shares, Erie Manufactured Home Properties, LLC owns 93,476 Common Shares, Apache Ventures, LLC owns 90,575 Common Shares, and Matthew T. Maroun owns 88 Common Shares. This filing with the SEC by Oakland indicates that Oakland shares voting and dispositive power with respect to those Common Shares owned by Liberty Bell, Cherokee, Erie Manufactured Homes Properties, LLC, Apache Ventures, LLC, all of which are direct or indirect subsidiaries of Oakland. Matthew T. Moroun is the Chairman of the Board and controlling stockholder of Oakland, Liberty Bell and Cherokee.

(6) Includes (a) 173,292 Common Shares owned jointly with Ms. Chew's husband; and (b) 156,550 Common Shares issuable upon exercise of stock options that are exercisable within 60 days of March 14, 2014. Includes 24,081 Common Shares held in the UMH 401(k) Plan. Ms. Chew is a co-trustee of the UMH 401(k) Plan and has shared voting power, but no dispositive power, over the Common Shares held by the UMH 401(k) Plan. She, however, disclaims beneficial ownership of all of the Shares held by the UMH 401(k) Plan, except for the 24,081 Common Shares held by the UMH 401(k) Plan for her benefit.

(7) Includes 3,500 Common Shares owned jointly with Ms. Elflein's husband.

(8) Includes 1,600 Common Shares owned by Mr. Herstik's wife.

(9) Includes (a) 97,913 Common Shares owned by Mr. Eugene Landy's wife; (b) 225,427 Common Shares held in the Landy & Landy Employees' Profit Sharing Plan of which Mr. Landy is a trustee and has shared voting and dispositive power; (c) 192,294 Common Shares held in the Landy & Landy Employees' Pension Plan over which Mr. Landy has shared voting and dispositive power; (d) 13,048 Common Shares held in Landy Investments Ltd., over which Mr. Landy has shared voting and dispositive power; (e) 131,200 Common Shares held in the Eugene W. and Gloria Landy Family Foundation, a charitable trust, over which Mr. Landy has shared voting and dispositive power; (f) 27,768 Common Shares in Juniper Plaza Associates, over which Mr. Landy has shared voting and dispositive power; and (g) 21,417 Common Shares held in Windsor Industrial Park Associates, over which Mr. Landy has shared voting and dispositive power. Includes 471,375 Common Shares issuable upon the exercise of stock options that are exercisable within 60 days of March 14, 2014. Excludes 65,000 Common Shares issuable upon the exercise of a stock option not exercisable within 60 days of March 14, 2014.

(10) Includes (a) 21,140 Common Shares owned by Mr. Michael Landy's wife; (b) 127,792 Common Shares held in custodial accounts for Mr. Landy's children under the New Jersey Uniform Transfer to Minors Act in which he disclaims any beneficial interest but has power to vote, (c) 53,000 Common Shares held in EWL Grandchildren Fund, LLC, of which Mr. Michael Landy is a co-trustee and shares voting and dispositive power; and (d) 84,825 Common

Shares issuable upon the exercise of stock options that are exercisable within 60 days of March 14, 2014. Includes 11,890 Common Shares in the UMH 401(k) Plan held for his benefit.

(11) Includes (a) 21,144 Common Shares owned by Mr. Samuel Landy's wife; (b) 22,379 Common Shares in the Samuel Landy Family Limited Partnership; and (c) 53,000 Common Shares held in EWL Grandchildren Fund, LLC, of which Mr. Samuel Landy is a co-trustee and shares voting and dispositive power. Includes 52,870 Common Shares held in the UMH 401(k) Plan. Mr. Landy is a co-trustee of the UMH 401(k) Plan and has shared voting power, but no dispositive power, over the Common Shares held by the UMH 401(k) Plan. He, however, disclaims beneficial ownership of all of the Common Shares held by the UMH 401(k) Plan, except for the 52,870 Common Shares held by the UMH 401(k) Plan for his benefit.

(12) Includes (a) 1,000 Common Shares owned by Ms. Nagelberg's husband; and (b) 1,397 Common Shares held in custodial accounts for Ms. Nagelberg's children under the New Jersey Uniform Transfers to Minors Act with respect to which she disclaims any beneficial interest but she has sole dispositive and voting power.

(13) Includes 5,000 Common Shares issuable upon the exercise of a stock option that is exercisable within 60 days of March 14, 2014.

(14) Includes 127 Common Shares held in the UMH 401(k) Plan for her benefit.

(15) Includes 2,192 Common Shares owned by Mr. Wolgin's wife. Mr. Wolgin also owns 10,000 Preferred Shares, and his wife owns 271 Preferred Shares, of the Company's 7.625% Series A Cumulative Redeemable Preferred Stock.

## **EXECUTIVE COMPENSATION**

### **Compensation Discussion and Analysis**

#### **Overview of Compensation Program**

The Compensation Committee of the Board has been appointed to discharge the Board's responsibilities relating to the compensation of the Company's executive officers. The Compensation Committee has the overall responsibility for approving and evaluating the executive officer compensation plan, policies and programs of the Company. The Compensation Committee's primary objectives include serving as an independent and objective party to review such compensation plan, policies and programs. The Compensation Committee may delegate its responsibilities to a subcommittee of the Compensation Committee when appropriate, as permitted by applicable rules and regulations. The Compensation Committee has not retained or obtained the advice of a compensation committee consultant for determining or recommending the amount of executive or director compensation.

Throughout this proxy statement, the individuals who served as the Company's Chairman of the Board and the President and Chief Executive Officer and other members of the Executive Committee during fiscal 2013 included in the Summary Compensation Table presented below in this proxy statement, are sometimes referred to in this proxy statement as the named executive officers.

### **Compensation Philosophy and Objectives**

The Compensation Committee believes that a well-designed compensation program should align the goals of the shareholders with the goals of the President and Chief Executive Officer, and that a significant part of the executives' compensation, over the long term, should be dependent upon the value created for shareholders. In addition, all executives should be held accountable through their compensation for the performance of the Company, and compensation levels should also reflect the executives' individual performance in an effort to encourage increased individual contributions to the Company's performance. The compensation philosophy, as reflected in the Company's employment agreements with its executives, is designed to motivate executives to focus on operating results and create long-term shareholder value by:

- establishing a plan that attracts, retains and motivates executives through compensation that is competitive with a peer group of other publicly-traded real estate investment trusts, or REITs;
- linking a portion of executives' compensation to the achievement of the Company's business plan by using measurements of the Company's operating results and shareholder return; and

- building a pay-for-performance system that encourages and rewards successful initiatives within a team environment.

The Compensation Committee believes that each of the above factors is important when determining compensation levels for named executive officers. The Compensation Committee reviews and approves the employment contracts for the Chairman of the Board and the President and Chief Executive Officer, and other named executive officers, including performance goals and objectives. The Compensation Committee annually evaluates performance of the executive officers in light of those goals and objectives. The Compensation Committee considers the Company's performance, relative shareholder return, the total compensation provided to comparable officers at similarly-situated companies, and compensation given to the named executive officers in prior years. The Company uses the annual Compensation Survey published by NAREIT as a guide to setting compensation levels. Participant company data is not presented in a manner that specifically identifies any named individual or company. This survey details compensation by position type with statistical salary and bonus information for each position. The Compensation Committee compares the Company's salary and bonus amounts to the ranges presented for reasonableness. To that end, the Compensation Committee believes executive compensation packages provided by the Company to its executive officers should include both base salaries and annual bonus awards that reward corporate and individual performance, as well as give incentives to those executives who meet or exceed established goals.

#### **Role of Executive Officers in Compensation Decisions**

The Compensation Committee makes all final compensation decisions for the Company's named executive officers. The Chairman of the Board and the President and Chief Executive Officer review the performance of the other named executive officers and then present their conclusions and recommendations to the Compensation Committee with respect to base salary adjustments and annual cash bonus and stock option awards. The Compensation Committee exercises its own discretion in modifying any recommended adjustments or awards, but does consider the recommendations from management who work closely with the other named executive officers.

#### **Role of Grants of Stock Options and Restricted Stock in Compensation Analysis**

The Compensation Committee views the grant of stock options and restricted stock awards as a form of long-term compensation. The Compensation Committee believes that such grants promote the Company's goal of retaining key employees, and align the key employee's interests with those of the Company's shareholders from a long-term perspective. The number of options or shares of restricted stock granted to each employee is determined by consideration of various factors including but not limited to the employees' title, responsibilities, and years of service.

### **Role of Employment Agreements in Determining Executive Compensation**

Each of the Company's currently employed named executive officers is a party to an employment agreement. These agreements provide for base salaries, bonuses and customary fringe benefits. The key elements of our compensation program for the named officers are base salary, bonuses, stock options and perquisites and other benefits. Each of these is addressed separately below. In determining initial compensation, the Compensation Committee considers all elements of a named executive officer's total compensation package in comparison to current market practices and other benefits.

### **Base Salaries**

Base salaries are paid for ongoing performance throughout the year. In order to compete for and retain talented executives who are critical to the Company's long-term success, the Compensation Committee has determined that the base salaries of named executive officers should approximate those of executives of other equity REITs that compete with the Company for employees, investors and business, while also taking into account the named executive officers' performance and tenure, and the Company's performance relative to its peer companies within the REIT industry using the NAREIT Compensation Survey described above.

### **Bonuses**

In addition to the provisions for base salaries under the terms of our employment agreements, the Chairman of the Board, and effective October 1, 2013, the President and Chief Executive Officer, are entitled to receive annual cash bonuses for each year during the terms of each respective agreement. These bonuses are based on the achievement of certain performance goals set by the Compensation Committee as described below.

For the Chairman of the Board:

Growth in market cap	7.5%	12.5%	20%
Bonus	\$20,000	\$45,000	\$90,000
Growth in FFO/share	7.5%	12.5%	20%
Bonus	\$20,000	\$45,000	\$90,000
Growth in dividend/share	5%	10%	15%
Bonus	\$30,000	\$60,000	\$120,000
Total Bonus Potential	\$70,000	\$150,000	\$300,000

Effective October 1, 2013, for the President and Chief Executive Officer:

Growth in market cap	10%	15%	20%
Bonus	\$20,000	\$40,000	\$60,000
Growth in AFFO/share	15%	20%	25%
Bonus (1)	\$20,000	\$45,000	\$90,000
Growth in dividend/share	5%	10%	15%
Bonus	\$30,000	\$60,000	\$120,000
Total Bonus Potential	\$70,000	\$145,000	\$270,000

Provided that FFO is in excess of the dividend

In addition to its determination of the executives' individual performance levels for 2013, the Compensation Committee also compared the executives' total compensation for 2013 to that of similarly-situated personnel in the REIT industry using the NAREIT Compensation Survey described above.

Bonuses awarded to the other named executive officers are recommended by the Chairman of the Board and the President and Chief Executive Officer and are approved by the Compensation Committee. The Chairman of the Board, the President and Chief Executive Officer and the Compensation Committee believe that short-term rewards in the form of cash bonuses to senior executives generally should reflect short-term results and should take into consideration both the profitability and performance of the Company and the performance of the individual, which may include comparing such individual's performance to the preceding year, reviewing the breadth and nature of the



senior executives' responsibilities and valuing special contributions by each such individual. In evaluating performance of the Company annually, the Compensation Committee considers a variety of factors, including, among others, Funds From Operations (FFO), Adjusted Funds From Operations (AFFO), net income, growth in asset size, amount of space under lease and total return to shareholders. The Company considers FFO to be an important measure of an equity REIT's operating performance and has adopted the definition suggested by the National Association of Real Estate Investment Trusts (NAREIT), which defines FFO to mean net income computed in accordance with U.S. GAAP, excluding gains or losses from sales of property, plus real estate related depreciation and amortization. The Company defines AFFO as FFO plus acquisition costs less recurring capital expenditures and excluding the following: gains or losses on securities transactions, stock compensation expense, amortization of financing and leasing costs, and straight line rent adjustments. The Company considers FFO and AFFO to be meaningful additional measures of operating performance, primarily because they exclude the assumption that the value of its real estate assets diminishes predictably over time and because industry analysts have accepted these as performance measures.

Various other factors considered include the employee's title and years of service. The employee's title generally reflects the employee's responsibilities and the employee's years of service may be considered in determining the level of bonus in comparison to base salary. The President and the Compensation Committee have declined to use specific performance formulas with respect to the other named executive officers, believing that with respect to Company performance, such formulas do not adequately account for many factors, including, among others, the relative performance of the Company compared to its competitors during variations in the economic cycle, and that with respect to individual performance, such formulas are not a substitute for the subjective evaluation by the President and Compensation Committee of a wide range of management and leadership skills of each of the senior executives.

### **Stock Options and Restricted Stock**

The employment agreement for the Chairman of the Board states that he will receive stock options to purchase 65,000 shares annually. For the other senior executives, the Chairman of the Board and the President and Chief Executive Officer make a recommendation to the Compensation Committee of specific stock option or restricted stock grants. In making its decisions, the Compensation Committee does not use an established formula or focus on a specific performance target. The Compensation Committee recognizes that often outside forces beyond the control of management, such as economic conditions, changing leasing and real estate markets and other factors, may contribute to less favorable near term results even when sound strategic decisions have been made by the senior executives to position the Company for longer term profitability. Thus, the Compensation Committee also attempts to identify whether the senior executives are exercising the kind of judgment and making the types of decisions that will lead to future growth and enhanced asset value, even if the same are difficult to measure on a current basis. For example, in determining appropriate stock option and restricted stock awards, the Compensation Committee considers, among other matters, whether the senior executives have executed strategies that will provide adequate funding or appropriate borrowing capacity for future growth, whether acquisition and leasing strategies have been developed to ensure a future stream of reliable and increasing revenues for the Company, whether the selection of properties, tenants and tenant mix evidence appropriate risk management, including risks associated with real estate markets and tenant credit, and whether the administration of staff size and compensation appropriately balances the current and projected operating requirements of the Company with the need to effectively control overhead costs.

In fiscal 2013, the Compensation Committee received the recommendations from the Chairman of the Board and the President and Chief Executive Officer for the amount of restricted stock and cash bonuses to be awarded. The factors that were considered in awarding the restricted stock and cash bonuses included the following progress that was made by the Company due to the efforts of management:

- Located and acquired 1.1 million square feet of industrial properties as per its investment strategy without placing undue burden on liquidity

- Entered into commitments to acquire 2.0 million square feet of industrial properties
  - Raised approximately \$31.1 million through the DRIP
- Renewed and expanded the unsecured line of credit on favorable terms
- Renewed 93% of expiring leases expiring in fiscal 2013 on favorable terms

- Continued its conservative approach to management of the properties and maintained its cash distributions to shareholders

- Managed general and administrative costs to an appropriate level
  - Refinanced debt at lower interest rates

The individual awards were allocated based on the named executive officers' individual contributions to these accomplishments. Other factors included the named executive officers' responsibilities and years of service. In addition, the awards were compared to each named executive officers' total compensation and compared with comparable Real Estate Investment Trusts (REITS) using the annual Compensation Survey published by NAREIT as a guide for setting total compensation.

### **Perquisites and Other Personal Benefits**

The Company's employment agreements provide the named executive officers with perquisites and other personal benefits that the Company and the Compensation Committee believe are reasonable and consistent with its overall compensation program to better enable the Company to attract and retain superior employees for key positions. The Committee periodically reviews the levels of perquisites and other personal benefits provided to the executive officers.

The named executive officers are provided the following benefits under the terms of their employment agreements: an allotted number of paid vacation weeks; eligibility for the executive, spouse and dependents in all Company sponsored employee benefits plans, including 401(k) plan, group health, accident, and life insurance, on terms no less favorable than applicable to any other executive; use of an automobile; and, supplemental disability insurance, at the Company's cost, as agreed to by the Company and the named executive officer. Attributed costs of the personal benefits described above for the named executive officers for the fiscal year ended September 30, 2013, are included in "All Other Compensation" of the Summary Compensation Table provided below in this Proxy Statement.

### **Payments upon Termination or Change in Control**

In addition, the named executive officers' employment agreements each contain provisions relating to change in control events and severance upon termination for events other than for cause or good reason (as defined under the terms of the employment agreements). These change in control and severance terms are designed to promote stability and continuity of senior management. Information regarding these provisions is included in "Employment Agreements" provided below in this Proxy Statement. There are no other agreements or arrangements governing change in control payments.

## **Evaluation**

Mr. Eugene Landy is employed under an Amended Employment Agreement with the Company. In July 2010, based on the Compensation Committees' evaluation of his performance, his base compensation under his amended contract was increased from \$225,000 to \$275,000 per year.

In evaluating Mr. Eugene Landy's leadership performance, during 2010, the Compensation Committee awarded Mr. Eugene Landy an Outstanding Leadership Achievement Award (the Award) in the amount of \$300,000 per year for the three fiscal years ended September 30, 2010, 2011 and 2012. This Award was to recognize Mr. Eugene Landy's exceptional leadership as President and Chief Executive Officer for over 40 years.

In evaluating Mr. Eugene Landy's eligibility for an annual bonus, the Compensation Committee used the bonus schedule included in Mr. Eugene Landy's amended contract as a guide.

Mr. Michael Landy was appointed the Company's President and Chief Executive Officer on April 9, 2013. In September 2013, based on his recent promotion, as well as the compensation committees' evaluation of his performance, his base compensation under his new employment agreement (dated September 23, 2013) was increased from \$330,750 to \$500,000 per year, effective October 1, 2013.

The Compensation Committee has also approved the recommendations of the Chairman of the Board and the President and Chief Executive Officer concerning the other named executive officers' annual salaries, bonuses, restricted stock grants and fringe benefits.

## **Risk Management**

The Board of Directors does not believe that the Executive Compensation Program raises any risks that are reasonably likely to have a material adverse effect on the Company. Executive Officers are compensated on a fixed salary basis and have not been awarded any bonuses or other compensation that might encourage the taking of unnecessary or

excessive risks that threaten long-term value of the Company. The Board has attempted to align the interests of the Board of Directors and the Executive Officers with the long-term interests of the company and the shareholders through grants of stock options and restricted stock awards, thereby giving the Board and Executive Officers additional incentives to protect the long-term value of the Company.

### **Compensation Committee Report**

The Compensation Committee of the Company has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with management and, based on such review and discussions, the Compensation Committee recommended to the board that the Compensation Discussion and Analysis be included in this report.

Compensation Committee:

Stephen B. Wolgin

Matthew I. Hirsch

**Summary Compensation Table**

The following Summary Compensation Table shows compensation paid or accrued by the Company for services rendered during 2013, 2012, and 2011 to the named executive officers. There were no other executive officers whose aggregate compensation allocated to the Company for fiscal 2013 exceeded \$100,000.

Name and Principal Position	Fiscal Year	Salary (\$)	Bonus (\$)	Restricted Stock Awards (4)	Option Awards (\$) (5)	Change in Pension Value		Total (\$)
						And Nonqualified Deferred Compensation Earnings (\$)	All Other Compensation (\$)	
Eugene W. Landy Chairman of the Board	2013	\$275,000	\$-0-	\$-0-	\$39,991	\$59,838 (1)	\$36,750 (2)	\$411,579
	2012	275,000	390,000	210,510	31,850	59,109 (1)	27,250 (2)	993,719
	2011	275,000	320,000	157,197	39,650	54,608 (1)	42,500 (2)	888,955
Michael P. Landy President and Chief Executive Officer	2013	\$326,813	\$67,500	\$-0-	\$-0-	\$-0-	\$48,350 (3)	\$442,663
	2012	307,527	266,449	126,560	-0-	-0-	39,066 (3)	739,602
	2011	263,858	61,544	94,490	-0-	-0-	36,630 (3)	456,522
Kevin S. Miller (6) Chief Financial and Accounting Officer	2013	\$215,000	\$67,500	\$98,700	\$-0-	\$-0-	\$1,260	\$382,460
	2012	76,923	-0-	-0-	-0-	-0-	-0-	\$76,923
Allison Nagelberg (7) General Counsel	2013	\$181,563	\$50,000	-0-	\$-0-	-0-	-0-	\$231,563
	2012	116,016	35,000	87,400	-0-	-0-	-0-	238,416
	2011	44,532	20,000	65,284	-0-	-0-	-0-	129,816

Notes:

(1) Accrual for pension and other benefits of \$59,838, \$59,109 and \$54,608 for 2013, 2012 and 2011, respectively, in accordance with Mr. Landy's employment contract.

(2)

Represents Director's fees of \$36,750, \$27,250 and \$25,000 for 2013, 2012 and 2011, respectively, paid to Mr. Landy; and legal fees paid to the firm of Eugene W. Landy of \$-0-, \$-0- and \$17,500 for 2013, 2012 and 2011, respectively.

(3) Represents Director's fees of \$36,750, \$27,250 and \$25,000 in 2013, 2012 and 2011, respectively, and fringe benefits and discretionary contributions by the Company to the Company's 401(k) Plan allocated to an account of the named executive officer and reimbursement of a disability policy. Prior to July 1 2012, approximately 25% for fiscal 2012 and 30% for fiscal 2011 of this employee's salary compensation cost was allocated to and reimbursed by UMH Properties, Inc. (UMH), pursuant to a cost sharing agreement between the Company and UMH. As of July 1, 2012, 100% of salary compensation has been allocated to the Company.

(4) The values were established based on the number of shares granted as follows, for fiscal 2013, 7/5/13 - \$9.87; for fiscal 2012, 9/14/12 - \$11.56 and 9/6/12 - \$11.50 and for fiscal 2011, 7/5/11 - \$8.59.

(5) The fair value of the stock option grant was based on the Black-Scholes valuation model. See Note 10 to the Consolidated Financial Statements for assumptions used in the model. The actual value of the options will depend upon the performance of the Company during the period of time the options are outstanding and the price of the Company's common stock on the date of exercise.

(6) Kevin S. Miller's employment with the company commenced in May 2012.

(7) As of September 30, 2013, Allison Nagelberg, the Company's General Counsel, was an employee of UMH. Her compensation disclosure can be found in the filings of UMH. During 2013, 2012 and 2011, approximately 70%, 50% and 25%, respectively, of her salary compensation cost was allocated to and reimbursed by the Company for her services, pursuant to a cost sharing arrangement between the Company and UMH.

## Stock Compensation Plan

On July 26, 2007, the 2007 Plan was approved by the shareholders authorizing the grant to officers, directors and key employees, of options to purchase up to 1,500,000 shares of common stock. On May 6, 2010, the shareholders approved and ratified an amendment and restatement of the 2007 Plan. The amendment and restatement made two significant changes: (1) the inclusion of Directors as participants in the 2007 Plan, and (2) the ability to grant restricted stock to Directors, officers and key employees. The amendment and restatement also made other conforming, technical and other minor changes. The amendment also makes certain modifications and clarifications, including concerning administration and compliance with applicable tax rules, such as Section 162(m) of the Internal Revenue Code.

## Grants of Plan-Based Awards

Options to purchase 65,000 shares were granted in 2013 and options to purchase 156,375 shares were exercised during 2013. During fiscal 2013, 10,000 shares of restricted common stock were granted at a grant date fair value of \$9.87 per share. As of September 30, 2013, the number of shares remaining for future grant of stock options or restricted stock is 744,646.

Options may be granted any time up through March 26, 2017. No option shall be available for exercise beyond ten years. All options are exercisable after one year from the date of grant. The option price shall not be below the fair market value at date of grant. Canceled or expired options are added back to the "pool" of shares available under the Plan.

Under the 2007 Plan, the Compensation Committee determines the recipients of restricted stock awards; the number of restricted shares to be awarded; the length of the restricted period of the award; the restrictions applicable to the award including, without limitation, the employment or retirement status of the participant; rules governing forfeiture and restrictions applicable to any sale, assignment, transfer, pledge or other encumbrance of the restricted stock during the restricted period; and the eligibility to share in dividends and other distributions paid to the Company's stockholders during the restricted period. The maximum number of shares underlying restricted stock awards that may be granted in any one fiscal year to a participant shall be 100,000.

All restricted stock awards granted during fiscal year 2013 vest over five years. The following table sets forth, for the executive officers named in the Summary Compensation Table, information regarding individual grants of restricted stock and individual grants of stock options made during the year ended September 30, 2013:

Name	<u>Grant Date</u>	Number of Shares of Restricted <u>Stock</u>	Number of Shares Underlying <u>Options</u>	Exercise Price of Option Award or Fair Value Per Share at Grant Date of Restricted Stock <u>Award</u>	Grant Date Fair <u>Value</u>
Eugene W. Landy	01/03/13	-0-	65,000 (1)	\$10.46	\$39,991 (2)
Kevin S. Miller	07/05/13	10,000	-0-	9.87	98,700
Michael P. Landy	-	-0-	-0-	-0-	-0-
Allison Nagelberg	-	-0-	-0-	-0-	-0-

(1) These options expire 8 years from grant date.

This value was established using the Black-Scholes stock option valuation model. The following weighted-average assumptions were used in the model: expected volatility of 18.84%; risk-free interest rate of 1.18%; dividend yield (2) of 5.74%; expected life of options of 8 years; and -0- estimated forfeitures. The fair value per share granted was \$0.62. The actual value of the options will depend upon the performance of the Company during the period of time the options are outstanding and the price of the Company's common stock on the date of exercise.

### Option Exercises and Stock Vested

The following table sets forth summary information concerning option exercises and vesting of restricted stock awards for each of the named executive officers during the year ended September 30, 2013:

#### Fiscal Year Ended September 30, 2013

Name	Option Awards		Restricted Stock Awards	
	Number of Shares	Value Realized on	Number of Shares	Value realized on



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	Acquired on Exercise Exercise (1)		Acquired on Vesting Vesting	
	(#)	(\$)	(#)	(\$)
Eugene W. Landy	65,000	\$130,000	12,208	\$116,488(2)
Michael P. Landy	34,825	78,067	6,651	63,274(3)
Allison Nagelberg	-0-	-0-	4,656	44,334(4)
Kevin S. Miller	-0-	-0-	-0-	-0-

(1) Value realized based on the difference between the closing price of the shares on the NYSE as of the date of exercise less the exercise price of the stock option.

(2) Value realized based on the closing price of the shares on the NYSE as of the date of vesting made up of 4,144 shares vesting on 7/5/13 at \$9.87 per share, 4,236 shares vesting on 8/2/13 at \$9.80 per share, 3,620 shares vesting on 9/6/13 at \$8.91 per share and 208 shares vesting on 9/14/13 at \$8.75 per share.

(3) Value realized based on the closing price of the shares on the NYSE as of the date of vesting made up of 2,491 shares vesting on 7/5/13 at \$9.87 per share, 1,860 shares vesting on 8/2/13 at \$9.80 per share, 2,092 shares vesting on 9/6/13 at \$8.91 per share and 208 shares vesting on 9/14/13 at \$8.75 per share.

(4) Value realized based on the closing price of the shares on the NYSE as of the date of vesting made up of 1,720 shares vesting on 7/5/13 at \$9.87 per share, 1,346 shares vesting on 8/2/13 at \$9.80 per share and 1,590 shares vesting on 9/6/13 at \$8.91 per share.

**Outstanding Equity Awards at Fiscal Year End**

The following table sets forth for the executive officers named in the Summary Compensation Table, information regarding stock options and restricted stock outstanding at September 30, 2013:

<b>Fiscal Year Ended September 30, 2013</b>						
Name	<b>Option Awards</b>				<b>Restricted Stock Awards</b>	
	Number of	Number of				
	Securities	Securities				
	Underlying	Underlying				
	Unexercised	Unexercised	Option	Option	Number of	Market Value
	Options	Options	exercise	expiration	Shares That	Of Shares that Have
	Exercisable	Unexercisable	price (\$)	date	Have Not Vested	Not Vested (2)
Eugene W. Landy	-0-	65,000 (1)	\$10.46	01/03/21	36,950 (3)	\$335,137
	65,000	-0-	9.33	01/03/20		
	65,000	-0-	8.72	01/03/19		
	65,000	-0-	7.22	01/05/18		
	65,000	-0-	7.25	10/20/16		
	65,000	-0-	8.22	12/12/15		
	16,375	-0-	8.05	01/22/15		
	65,000	-0-	8.15	08/02/14		
Michael P. Landy					20,815 (4)	\$188,792
	25,000	-0-	\$7.25	10/20/16		
	25,000	-0-	7.80	03/10/16		
	9,825	-0-	8.05	01/22/15		
	25,000	-0-	8.04	09/12/14		
Allison Nagelberg	-0-	-0-	-0-	-	14,507 (5)	\$131,578
Kevin S. Miller	-0-	-0-	-0-	-	10,180 (6)	\$92,333

(1) These options became exercisable on January 3, 2014.

(2) Based on the closing price of our common stock on September 30, 2013 of \$9.07. Restricted stock awards vest over 5 years.

(3) 8,624 shares vest 1/2 on each August 2nd over the next 2 years, 12,664 shares vest 1/3rd on each July 5th over the next 3 years, 14,809 shares vest 1/4th on each September 6th over the next 4 years and 853 shares vest 1/4th on each

September 14<sup>th</sup> over the next 4 years.

(4) 3,788 shares vest 1/2 on each August 2nd over the next 2 years, 7,613 shares vest 1/3rd on each July 5th over the next 3 years, 8,561 shares vest 1/4<sup>th</sup> on each September 6th over the next 4 years and 853 shares vest 1/4<sup>th</sup> on each September 14<sup>th</sup> over the next 4 years.

(5) 2,743 shares vest 1/2 on each August 2nd over the next 2 years, 5,259 shares vest 1/3rd on each July 5th over the next 3 years, and 6,505 shares vest 1/4<sup>th</sup> on September 6th over the next 4 years.

(6) 10,180 shares vest 1/5<sup>th</sup> on each July 5th over the next 5 years.

## Employment Agreements

Eugene W. Landy, the Company's Chairman of the Board, executed an Employment Agreement on December 9, 1994, which was amended on June 26, 1997 (the "First Amendment"), on November 5, 2003 (the "Second Amendment"), on April 1, 2008 (the "Third Amendment"), on July 1, 2010 (the "Fourth Amendment"), on April 25, 2013 (the "Fifth Amendment"), and on December 20, 2013 (the "Sixth Amendment") – collectively, the "Amended Employment Agreement". Pursuant to the Amended Employment Agreement, Mr. Eugene Landy's base salary was \$275,000 per year through December 31, 2013 and \$385,000 per year, effective January 1, 2014. He is entitled to receive pension payments of \$50,000 per year through 2020; in fiscal 2013, the Company accrued \$59,838 in additional compensation expense related to the pension benefits. Mr. Eugene Landy was awarded an Outstanding Leadership Achievement Award in the amount of \$300,000 per year for three years for a total of \$900,000, which has been fully paid to him. Mr. Eugene Landy's incentive bonus schedule is detailed in the Fourth Amendment and is based on progress toward achieving certain target levels of growth in market capitalization, funds from operations and dividends per share. Pursuant to the Amended Employment Agreement, Mr. Eugene Landy will receive each year an option to purchase 65,000 shares of the Company common stock. Mr. Eugene Landy is entitled to five weeks paid vacation annually, and he is entitled to participate in the Company's employee benefits plans.

The Amended Employment Agreement provides for aggregate severance payments of \$500,000, payable to Mr. Eugene Landy upon the termination of his employment for any reason, in increments of \$100,000 per year for five years. He is entitled to disability payments in the event of his disability (as defined in the Amended Employment Agreement) for a period of three years, equal to his base salary. The Amended Employment Agreement provides for a death benefit of \$500,000, payable to Mr. Eugene Landy's designated beneficiary. Upon the termination of Mr. Eugene Landy's employment following or as a result of certain types of transactions that lead to a significant increase in the Company's market capitalization, the Amended Employment Agreement provides that Mr. Eugene Landy will receive a grant of 35,000 to 65,000 shares of the Company common stock, depending on the amount of the increase in the Company's market capitalization; all of his outstanding options to purchase shares of the Company common stock will become immediately vested, and he will be entitled to continue to receive benefits under the Company's health insurance and similar plans for one year. In the event of a change in control of the Company, Eugene W. Landy shall receive a lump sum payment of \$2,500,000, provided that the sale price of the Company is at least \$10 per share of common stock. A change of control shall be defined as the consummation of a reorganization, merger, share exchange, consolidation, or sale or disposition of all or substantially all of the assets of the Company. This change of control provision shall not apply to any combination between the Company and UMH. Payment shall be made simultaneously with the closing of the transaction, and only in the event that the transaction closes. The Amended Employment Agreement is terminable by the Company's Board of Directors at any time by reason of Mr. Eugene Landy's death or disability or for cause, which is defined in the Amended Employment Agreement as a termination of the agreement if the Company's Board of Directors determines in good faith that Mr. Eugene Landy failed to substantially perform his duties to the Company (other than due to his death or disability), or has engaged in conduct the consequences of which are materially adverse to the Company, monetarily or otherwise. Upon termination of the

Amended Employment Agreement, Mr. Eugene Landy will remain entitled to the disability, severance, death and pension benefits provided for in the Amended Employment Agreement.

Effective January 1, 2009, the Company and Michael P. Landy, Chairman of the Executive Committee and Executive Vice President, entered into a three-year employment agreement, under which Mr. Michael Landy received an annual base salary of \$190,575 for calendar year 2009 with increases of 5% for each of calendar years 2010 and 2011, plus bonuses and customary fringe benefits. The employment agreement renews for successive one-year terms, unless either party gives written notice of termination to the other party. On January 13, 2011, Mr. Michael Landy was appointed Chief Operating Officer and continued as Chairman of the Company's Executive Committee. Effective January 19, 2011, Mr. Michael Landy's employment contract with the Company was amended to increase his base salary for calendar year 2011 to \$285,109 annually. Effective January 1, 2012, the Company and Michael P. Landy entered into a three-year employment agreement, under which Mr. Landy received an annual base salary of \$315,000 for calendar year 2012 with increases of 5% for each of calendar years 2013 and 2014, plus bonuses and customary fringe benefits. This contract automatically renews for successive one-year terms in accordance with the terms of the agreement. Effective April 9, 2013, Michael P. Landy was appointed President and Chief Executive Officer. Effective October 1, 2013, the Company and Michael P. Landy entered into a three-year employment agreement, under which Mr. Landy receives an annual base salary of \$500,000 for fiscal year 2014 with increases of 5% for each of fiscal years 2015 and 2016, plus bonuses and customary fringe benefits. Mr. Landy's incentive bonus schedule is based on progress toward achieving certain target levels of growth in market capitalization, funds from operations and dividends per share. Mr. Landy will also receive four weeks' vacation, annually. The Company will reimburse Mr. Landy for the cost of a disability insurance policy such that, in the event of Mr. Landy's disability for a period of more than 90 days, Mr. Landy will receive benefits up to 60% of his then-current salary. In the event of a merger, sale or change of voting control of the Company, excluding transactions between the Company and UMH, Mr. Landy will have the right to extend and renew this employment agreement so that the expiration date will be three years from the date of merger, sale or change of voting control, or Mr. Landy may terminate the employment agreement and be entitled to receive one year's compensation in accordance with the agreement. If there is a termination of employment by the Company for any reason, either involuntary or voluntary, including the death of the employee, other than a termination for cause as defined by the agreement, Mr. Landy shall be entitled to the greater of the base salary due under the remaining term of the agreement or two years' compensation at the date of termination, paid monthly over the remaining term or life of the agreement. Approximately 25% of Mr. Landy's compensation was allocated to UMH pursuant to a cost sharing agreement between the Company and UMH. Effective July 1, 2012, 100% of Mr. Landy's compensation has been allocated to the Company.

Effective January 1, 2013, the Company and Kevin S. Miller entered into a three-year employment agreement, under which Mr. Miller received an annual base salary of \$220,000 for calendar year 2013 with increases of 5% for each of calendar years 2014 and 2015, plus bonuses and customary fringe benefits. Mr. Miller will also receive four weeks' vacation, annually. The Company will reimburse Mr. Miller for the cost of a disability insurance policy such that, in the event of Mr. Miller's disability for a period of more than 90 days, Mr. Miller will receive benefits up to 60% of his then-current salary. In the event of a merger, sale or change of voting control of the Company, excluding transactions between the Company and UMH, Mr. Miller will have the right to extend and renew this employment agreement so that the expiration date will be three years from the date of merger, sale or change of voting control, or Mr. Miller may terminate the employment agreement and be entitled to receive one year's compensation in accordance with the agreement. If there is a termination of employment by the Company for any reason, either involuntary or voluntary, including the death of the employee, other than a termination for cause as defined by the agreement, Mr. Miller shall be entitled to one year's base salary at the date of termination, paid monthly over the remaining term or life of the agreement.

Effective January 1, 2014, the Company and Allison Nagelberg entered into a three-year employment agreement, under which Ms. Nagelberg receives an annual base salary of \$275,625 for calendar year 2014, \$325,000 for calendar year 2015, and \$341,250 for calendar year 2016, plus bonuses and customary fringe benefits. Ms. Nagelberg will also receive four weeks' vacation, annually. The Company will reimburse Ms. Nagelberg for the cost of a disability insurance policy such that, in the event of Ms. Nagelberg's disability for a period of more than 90 days, Ms. Nagelberg will receive benefits up to 60% of her then-current salary. In the event of a merger, sale or change of voting control of the Company, excluding transactions between the Company and UMH, Ms. Nagelberg will have the right to extend and renew this employment agreement so that the expiration date will be three years from the date of merger, sale or change of voting control, or Ms. Nagelberg may terminate the employment agreement and be entitled to receive one year's compensation in accordance with the agreement. If there is a termination of employment by the Company for any reason, either involuntary or voluntary, including the death of the employee, other than a termination for cause as defined by the agreement, Ms. Nagelberg shall be entitled to one year's base salary at the date of termination, paid monthly over the remaining term or life of the agreement. Prior to January 1, 2014, approximately 30% of Ms. Nagelberg's compensation was allocated to UMH pursuant to a cost sharing agreement between the Company and UMH. Effective January 1, 2014, 100% of Ms. Nagelberg's compensation has been allocated to the Company.

#### **Potential Payments under Termination of Employment or Change-in-Control**

Under the employment agreements with our President and Chief Executive Officer and the other named executive officers listed below, our President and Chief Executive Officer and such other named executive officers are entitled to receive the following estimated payments and benefits upon a termination of employment or voluntary resignation (with or without a change-in-control). These disclosed amounts are estimates only and do not necessarily reflect the actual amounts that would be paid to the named executive officers, which would only be known at the time that they become eligible for payment and would only be payable if a termination of employment, or voluntary resignation, were to occur. The table below reflects the amount that could be payable under the various arrangements assuming that the termination of employment had occurred at September 30, 2013.

	Termination		Termination		
	Not for Cause		Not for Cause or Good		
	Or Good Reason		Reason Resignation		
	Voluntary	Resignation	Termination	(After a Change-in-Control)on	Disability/
	Resignation	on	For Cause	9/30/13	Death on
	on	9/30/13	On 9/30/13 (1)		9/30/13
	9/30/13				
Eugene W. Landy	\$520,736 (2)	\$520,736 (2)	\$5,288	\$3,020,736 (3)	\$845,736 (4)
Michael P. Landy	1,576,250 (5)	1,576,250 (5)	9,615	1,576,250 (5)	1,576,250 (5)
Kevin S. Miller	228,250(6)	228,250(6)	4,231	228,250(6)	228,250(6)
Allison Nagelberg (7)	-0-	-0-	-0-	-0-	-0-

(1) Consists of accrued vacation time.

(2) Consists of severance payments of \$500,000, payable \$100,000 per year for 5 years plus the estimated cost of continuation of benefits for one year following termination and accrued vacation.

(3) Mr. Eugene W. Landy shall receive a lump-sum payment of \$2,500,000 in the event of a change in control, provided that the sale price of the Company is at least \$10 per share of common stock. In addition, if Mr. Eugene W. Landy's employment agreement is terminated, he receives severance payments of \$500,000, continuation of benefits for one year following termination and accrued vacation.

(4) In the event of a disability, as defined in the agreement, Mr. Eugene W. Landy shall receive disability payments equal to his base salary for a period of three years, continuation of benefits for one year following termination and accrued vacation. He has a death benefit of \$500,000 payable to Mr. Eugene W. Landy's beneficiary.

(5) Payments are calculated based on Mr. Michael P. Landy's contract which became effective October 1, 2013.

(6) Payments are calculated based on one year salary from October 1, 2013 through September 30, 2014.

(7) As of September 30, 2013, Allison Nagelberg was an employee of UMH and was subject to an employment contract with UMH and amounts potentially payable are not included herein.

The Company retains the discretion to compensate any officer upon any future termination of employment or a change-in-control.

**Director Compensation**

Effective July 1, 2010, Directors received a fee of \$2,250 for each Board meeting attended, \$500 for each Board phone meeting attended, and an additional fixed annual fee of \$15,000 payable quarterly. Directors appointed to board committees, which are the Nominating Committee, Compensation Committee and Audit Committee, received \$500 for each committee meeting attended.

Effective September 1, 2012, Directors received a fee of \$3,125 for each Board meeting attended, \$500 for each Board phone meeting attended, and an additional fixed annual fee of \$22,500 payable quarterly. Directors appointed to board committees received \$1,000 for each committee meeting attended.

Effective September 1, 2013, Directors receive a fee of \$4,000 for each Board meeting attended, \$500 for each Board phone meeting attended, and an additional fixed annual fee of \$26,000 payable quarterly. Directors appointed to board committees receive \$1,200 for each committee meeting attended.

The table below sets forth a summary of director compensation for the fiscal year ended September 30, 2013:

Director	Annual Board Meeting		Total Fees	
	Cash Retainer Fees	Committee Fees	Earned or Paid	in Cash
	(\$)	(\$)	(\$)	(\$)
Anna T. Chew (6)	23,375	13,375	-0-	\$36,750
Daniel D. Cronheim (6)	23,375	13,375	-0-	\$36,750
Catherine B. Elflein (3)(6)	23,375	13,375	4,700	\$41,450
Brian Haimm (3)(6)(7)	12,125	7,125	2,200	\$21,450
Neal Herstik (5)(6)	23,375	13,375	1,500	\$38,250
Matthew I. Hirsch (2)(3)(4)(5)(6)	23,375	13,375	8,400	\$45,150
Charles Kaempffer (1)(6)	23,375	13,375	4,200	\$40,950
Eugene W. Landy (6)	23,375	13,375	-0-	\$36,750
Michael P. Landy (6)	23,375	13,375	-0-	\$36,750
Samuel A. Landy (6)	23,375	13,375	-0-	\$36,750
Scott L. Robinson (3)(6)(9)	23,375	13,375	4,700	\$41,450
Eugene Rothenberg (1)(6)(8)	23,375	13,375	-0-	\$36,750
Stephen B. Wolgin (2)(3)(4)(5)(6)	23,375	13,375	8,400	\$45,150
Total	\$292,625	\$167,625	\$34,100	\$494,350

Emeritus directors are retired directors who have a standing invitation to attend Board of Directors meetings but are 1) not entitled to vote on board resolutions. However, they receive directors' fees for participation in the board meetings.



- 2) These directors acted as lead directors when attending the Company's Executive Committee meetings. The Audit Committee for 2013 consists of Mr. Haimm, Mr. Hirsch, Mr. Wolgin, Mr. Robinson and Ms. Elflein. The board had determined that Mr. Wolgin, Mr. Haimm and Ms. Elflein are considered "audit committee financial experts" within the meaning of the rules of the SEC and are "financially literate" within the meaning of the listing requirements of the NYSE.
- 3) 4) Mr. Hirsch and Mr. Wolgin are members of the Compensation Committee.
- 5) Mr. Herstik, Mr. Hirsch, and Mr. Wolgin are members of the Nominating Committee.
- 6) Effective 4th quarter Board meeting directors' fees increased to: Board retainer, \$6,500 per quarter; Meeting fee, \$400 per quarterly meeting; and Committee fee, \$1,200 per quarterly meeting.
- 7) The Board of Directors appointed Mr. Brian H. Haimm as a Class II Director for the remaining term of Class II expiring in 2014. This appointment has been accepted effective June 26, 2013.
- 8) On June 26, 2013, Mr. Eugene Rothenberg retired from the Board of Directors.
- 9) Mr. Robinson is the Lead Independent Director whose role is to preside over the executive sessions of the non-management directors.

### **Pension Benefits and Nonqualified Deferred Compensation Plans**

Except as provided in the specific agreements described above, the Company does not have a pension or other post-retirement plans in effect for officers, directors or employees or a nonqualified deferred compensation plan. The present value of accumulated benefit of pension benefits for Mr. Eugene W. Landy is \$702,673 as of September 30, 2013. Payments made during the 2013 fiscal year were \$50,000. He is entitled to receive pension payments of \$50,000 per year through 2020. The Company's employees may elect to participate in the 401(k) plan of UMH Properties, Inc.

### **Compensation Committee Interlocks and Insider Participation**

During fiscal 2013, the Compensation Committee consisted of Messrs. Hirsch and Wolgin. No member of the Compensation Committee is a current or former officer or employee of the Company. In fiscal 2013, none of our executive officers served on the compensation committee of any entity, or board of directors of any entity that did not have a compensation committee, that had one or more of its executive officers serving on our Compensation Committee. The members of the Compensation Committee did not otherwise have any relationships requiring related-party disclosure in the Company's Proxy Statement.

### **REPORT OF THE AUDIT COMMITTEE**

The Audit Committee (the Audit Committee) of the Board of Directors (the Board of Directors) of Monmouth Real Estate Investment Corporation (the Company) operates under a written charter which has been amended in January 2013. The amended charter is available on the Company's website at [www.mreic.com](http://www.mreic.com).

The Company has an Audit Committee consisting of five “independent” Directors, as defined by the listing standards of the New York Stock Exchange. The Audit Committee’s role is to act on behalf of the Board of Directors in the oversight of all material aspects of the Company’s reporting, internal control and audit functions.

We have reviewed and discussed with management the Company’s audited financial statements as of and for the year ended September 30, 2013.

We have discussed with the independent registered public accounting firm the matters required to be discussed by Statement on Auditing Standards No. 61, “Communications with Audit Committees”, as amended, as adopted by the Public Accounting Oversight Board in Rule 3200T.

We have received and reviewed the written disclosures and the letter from the independent registered public accounting firm required by Independence Standard No. 61, “Independence Discussions with Audit Committees”, and have discussed with the registered public accounting firm its independence.

Based on the reviews and discussions referred to above, we recommend to the Board of Directors that the financial statements referred to above be included in the Company’s Annual Report on Form 10-K for the year ended September 30, 2013.

Audit Committee:

Catherine B. Elflein

Brian H. Haimm

Matthew I. Hirsch

Scott L. Robinson

Stephen B. Wolgin

#### **Fees Billed by Independent Registered Public Accounting Firm**

PKF O’Connor Davies served as the Company’s independent registered public accountants for the years ended September 30, 2013 and 2012. A representative from PKF O’Connor Davies is expected to be present at the annual

stockholders' meeting in order to be available to respond to possible inquiries from stockholders.

The following are fees billed by and accrued to PKF O'Connor Davies in connection with services rendered:

	<u>2013</u>	<u>2012</u>
Audit Fees	\$199,000	\$180,500
Audit Related Fees	2,000	45,650
Tax Fees	45,000	49,503
All Other Fees	-	-
Total Fees	\$246,000	\$275,653

Audit fees include professional services rendered for the audit of the Company's annual financial statements, management's assessment of internal controls, and reviews of financial statements included in the Company's quarterly reports on Form 10-Q.

Audit related fees include services that are normally provided by the Company's independent auditors in connection with statutory and regulatory filings, such as consents and assistance with and review of documents filed with the Securities and Exchange Commission.

Tax fees include professional services rendered for the preparation of the Company's federal and state corporate tax returns and supporting schedules as may be required by the Internal Revenue Service and applicable state taxing authorities. Tax fees also include other work directly affecting or supporting the payment of taxes, including planning and research of various tax issues.

### **Audit Committee Pre-Approval Policy**

The Audit Committee has adopted a policy for the pre-approval of audit and permitted non-audit services provided by the Company's principal independent accountants. The policy requires that all services provided by our independent registered public accountants to the Company, including audit services, audit-related services, tax services and other services, must be pre-approved by the Audit Committee, and all have been so approved. The pre-approval requirements do not prohibit day-to-day normal tax consulting services, which matters will not exceed \$10,000 in the aggregate.

The Audit Committee has determined that the provision of the non-audit services described above is compatible with maintaining PKF O'Connor Davies' independence.

## **COMPARATIVE STOCK PERFORMANCE**

### **Comparative Stock Performance**

The following line graph compares the total return of the Company's common stock for the last five fiscal years to the FTSE NAREIT Composite Index (US), published by the National Association of Real Estate Investment Trusts (NAREIT), and the S&P 500 Index for the same period. The total return reflects stock price appreciation and dividend reinvestment for all three comparative indices. The information has been obtained from sources believed to be reliable, but neither its accuracy nor its completeness is guaranteed.

## **CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS**

There are no family relationships between any of the Directors or executive officers of the Company, except that Samuel A. Landy, a Director of the Company, and Michael P. Landy, President, Chief Executive Officer, Chairman of the Executive Committee and a Director of the Company, are the sons of Eugene W. Landy, the Chairman of the Board and a Director of the Company.

Eugene W. Landy and Samuel A. Landy are partners in the law firm of Landy & Landy, which firm, or its predecessor firms, have been retained by the Company as legal counsel since the formation of the Company, and which firm the Company proposes to retain as legal counsel for the current fiscal year. The Company now uses outside counsel for most of the legal services required. The New Jersey Supreme Court has ruled that the relationship of directors also serving as outside counsel is not per se improper, but the attorney should fully discuss the issue of conflict with the other directors and disclose it as part of the proxy statement so that shareholders can consider the conflict issue when voting for or against the attorney/director nominee.

No director, executive officer, or any immediate family member of such director or executive officer may enter into any transaction or arrangement with the Company without the prior approval of the Board of Directors. The Board of Directors will appoint a Business Judgment Committee consisting of independent directors who are also independent of the transaction or arrangement. This Committee will recommend to the Board of Directors approval or disapproval of the transaction or arrangement. In determining whether to approve such a transaction or arrangement, the Business

Judgment Committee will take into account, among other factors, whether the transaction was on terms no less favorable to the Company than terms generally available to third parties and the extent of the executive officer's or director's involvement in such transaction or arrangement. The policy is evidenced by the legal standards under Maryland law. Additionally, the Company's Code of Business Conduct and Ethics, which is found at the Company's website at [www.mreic.com](http://www.mreic.com), provides a method of notifying and reporting in the event of a potential or apparent conflict of interest. Further, to identify related party transactions, the Company submits and requires our directors and executive officers to complete director and officer questionnaires identifying any transactions with the Company in which the director, executive officer or their immediate family members have an interest.

Daniel D. Cronheim is an inside Director of the Company and Executive Vice President of David Cronheim Company (Cronheim) and Cronheim Management Services (CMS). Daniel Cronheim received \$36,750, \$27,250 and \$25,000 for Director's fees in 2013, 2012 and 2011, respectively. Cronheim received \$-0-, \$15,950 and \$15,400 in lease commissions in 2013, 2012 and 2011, respectively. The David Cronheim Mortgage Corporation, an affiliated company of CMS, received \$241,500, \$161,000 and \$-0- in mortgage brokerage commissions in 2013, 2012 and 2011, respectively.

During fiscal 2011 and through January 31, 2012, the Company was subject to a management contract with CMS for a fixed annual fee of \$380,000. On February 1, 2012, the management fee was increased to \$410,000 per annum. During 2012 and 2011, the Company also agreed to reimburse CMS for fees paid to subagents. CMS provided sub-agents as regional managers for the Company's properties. The Company paid CMS management fees (net of allocation to the minority owner of the Somerset, New Jersey shopping center) of \$562,452 and \$547,751 for fiscal 2012 and 2011, respectively, for the management of the properties subject to the management contract. Effective August 1, 2012, the Company's management contract with CMS terminated and the Company became a fully integrated and self-managed real estate company.

Since August 1, 2012, the Company compensates Robert Cronheim, (a Real Estate Advisor and the father of Daniel D. Cronheim), \$8,333 per month in recognition of his services for past years and continued advice and insight. The Company intends to continue these monthly payments through September 2014.

The Company's industrial property in Carlstadt, New Jersey is owned by Palmer Terrace Realty Associates, LLC. The Company owns 51% of Palmer Terrace Realty Associates, LLC. This property is managed by Marcus Associates, an entity affiliated with the 49% noncontrolling interest. Management fees paid to Marcus Associates for each of the fiscal years ended 2013, 2012 and 2011 totaled \$15,804.

There are six Directors of the Company who are also Directors and shareholders of UMH. Through December 31, 2013, the Company shared 2 officers and 2 additional employees with UMH. Effective January 31, 2014, the Company shares 1 officer and 2 additional employees with UMH. Some general and administrative expenses were allocated between the Company and UMH based on use or services provided. Allocations of shared employees' salaries and benefits are made based on the amount of the employees' time dedicated to each affiliated company. Shared expenses are allocated between the Company and UMH based on usage by each company. These allocations are reviewed and approved by our Audit Committee.

## **SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Section 16(a) of the Securities Exchange Act of 1934, as amended (Exchange Act) requires the Company's officers and Directors, and persons who own more than 10% of a registered class of the Company's equity securities, to file reports of ownership and changes in ownership with the SEC. Officers, Directors and greater than 10% shareholders are required by SEC regulations to furnish the Company with copies of all Section 16(a) forms they file. Based solely on review of the copies of such forms furnished to the Company, the Company believes that, during the fiscal year, all Section 16(a) filing requirements applicable to its officers, Directors and greater than 10% beneficial owners were met.

## **OTHER MATTERS**

The Board of Directors knows of no other matters other than those stated in this Proxy Statement which are to be presented for action at the Annual Meeting. If any other matters should properly come before the Annual Meeting, it is intended that proxies in the accompanying form will be voted on any such matter in accordance with the discretion of the persons voting such proxies. Discretionary authority to vote on such matters is conferred by such proxies upon the persons voting them.

The Company will provide, without charge, to each person being solicited by this Proxy Statement, on the written request of any such person, a copy of the Annual Report of the Company on Form 10-K for the year ended September 30, 2013 (as filed with the SEC), including the financial statements and schedules thereto, the Proxy Statement, a form of proxy, or future annual reports and proxy statements. All such requests should be directed to our Shareholder Relations Department by: (a) mail at Monmouth Real Estate Investment Corporation, Attention: Shareholder Relations, Juniper Business Plaza, 3499 Route 9 North, Suite 3-C, Freehold, NJ 07728, (b) telephone at (732) 577-9996 or (c) email at [Hmreic@mreic.com](mailto:Hmreic@mreic.com). You can also contact your broker, bank or other nominee to make a similar request.

For directions to the offices of the Company at Juniper Business Plaza, 3499 Route 9 North, Suite 3-C, Freehold, New Jersey please contact our Shareholder Relations Department by mail, telephone or email.

**YOUR PROXY IS IMPORTANT WHETHER YOU OWN FEW OR MANY SHARES.**

**PLEASE VOTE AS SOON AS POSSIBLE.**

**SHAREHOLDER PROPOSALS**

Shareholders interested in presenting a proposal for inclusion in the Proxy Statement for the 2015 Annual Meeting of shareholders may do so by following the procedures in Rule 14a-8 under the Exchange Act. To be eligible for inclusion, shareholder proposals must be received at the Company's principal executive offices by November 28, 2014. Under our current Bylaws, nominations of individuals for election to the Board of Directors and the proposal of other business to be considered by our shareholders at our 2015 Annual Meeting, but not included in Company's proxy statement, may be made by a person who is a shareholder of record at the time of giving notice by the shareholder and at the time of the Meeting who delivers notice along with the additional information and materials required by our current Bylaws to our Secretary at the principal executive office of the Company not earlier than November 28, 2014 and not later than December 28, 2014. However, in the event that the 2015 Annual Meeting is advanced more than 30 days or delayed by more than 60 days from the first anniversary of the date of the 2014 Annual Meeting, notice by the stockholder to be timely must be received no earlier than the 120th day prior to the date of mailing of the notice for meeting and not later than the close of business on the later of the 90th day prior to the date of mailing of the notice for the meeting or the 10th day following the day on which public announcement of the date of mailing of such meeting is first made.

**BY ORDER OF THE BOARD OF DIRECTORS**

**Eugene W. Landy**

**Chairman of the Board and Director**

Dated: March 28, 2014

**Important:** Shareholders can help the Company avoid the necessity and expense of sending follow-up letters to ensure a quorum by promptly authorizing a proxy. The proxy is revocable and will not affect your right to vote in person in the event you attend the meeting. You are earnestly requested to authorize a proxy to vote your shares in order that the necessary quorum may be represented at the meeting.

**MONMOUTH REAL  
ESTATE INVESTMENT  
CORPORATION**

**VOTE BY INTERNET - [www.proxyvote.com](http://www.proxyvote.com)**

**3499 ROUTE 9 NORTH,  
STE. 3-C FREEHOLD, NJ  
07728**

Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 P.M. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

**ELECTRONIC DELIVERY OF FUTURE PROXY MATERIALS**

If you would like to reduce the costs incurred by our company in mailing proxy materials, you can consent to receiving all future proxy statements, proxy cards and annual reports electronically via e-mail or the Internet. To sign up for electronic delivery, please follow the instructions above to vote using the Internet and, when prompted, indicate that you agree to receive or access proxy materials electronically in future years.

**VOTE BY PHONE – 1-800-690-6903**

Use any touch-tone telephone to transmit your voting instructions up until 11:59 P.M. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you call and then follow the instructions.

**VOTE BY MAIL**

Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS:

M66509-P47538-Z62433    KEEP THIS PORTION FOR YOUR RECORDS

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DETACH AND RETURN THIS PORTION ONLY

**THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED**



**MONMOUTH  
REAL  
ESTATE  
INVESTMENT  
CORPORATION**

**The Board of Directors** recommends you vote **FOR** the **All** **All** **Except** **Nominees** listed below:

To Withhold authority to vote for any individual nominee(s), mark "For All Except" and write the number(s) of the nominee(s) on the line below

Election of Class II Directors, each to serve until the 2017 annual meeting of shareholders and until his successor is duly elected and qualifies.

1.	0	0	0	_____
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**Nominees:**  
 01) Brian H. Haimm  
 02) Neal Herstik  
 03) Matthew I. Hirsch  
 04) Stephen B. Wolgin

**The Board of directors recommends you vote FOR the following proposals 2 and 3:**

	<b>For</b>	<b>Against</b>	<b>Abstain</b>
2. Ratification of the appointment of PKF O'Connor Davies as the Company's independent registered public accounting firm for the fiscal year ending September 30, 2014.	0	0	0
3. The advisory resolution to approve the compensation of the Company's named executive officers, as more fully disclosed in the	0	0	0

accompanying Proxy  
Statement.

**NOTE: When properly executed, this proxy will be voted in the manner directed herein by the undersigned shareholder(s). If this proxy is properly executed but no direction is given, the votes entitled to be cast by the undersigned will be cast (i) FOR the election of the four nominees listed above as Directors of the Company; (ii) FOR the ratification of the appointment of PKF O'Connor Davies as the Company's independent registered public accounting firm for the fiscal year ending September 30, 2014; (iii) FOR the advisory resolution to approve the compensation of the Company's named executive officers, as more fully disclosed in the accompanying Proxy Statement; and (iv) in the discretion of the proxy holder on any other matter that may properly come before the Meeting or any adjournment or postponement thereof.**

For address changes  
and /or comments,  
please check this box   
and write them on  
the back where  
indicated.

Please sign exactly  
as your name(s)  
appear(s) hereon and  
date. When signing  
as attorney, executor,  
administrator, or  
other fiduciary,  
please give full title  
as such. Joint  
owners should each  
sign personally. All  
holders must sign. If  
a corporation or  
partnership, please  
sign in full corporate  
or partnership name  
by authorized officer.

Signature  
[PLEASE  
SIGN Date  
WITHIN  
BOX]

Signature (Joint Owners)

Date

**Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting:**

The Notice and Proxy Statement and 2013 Annual Report are available at [www.proxyvote.com](http://www.proxyvote.com).

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M66510-P47538-Z62433

**MONMOUTH REAL ESTATE INVESTMENT CORPORATION**

**Annual Meeting of Shareholders**

**May 13, 2014 4:00 PM**

**THIS PROXY IS SOLICITED BY THE BOARD OF DIRECTORS OF MONMOUTH REAL ESTATE INVESTMENT CORPORATION**

The undersigned shareholder of Monmouth Real Estate Investment Corporation, a Maryland Corporation (the "Company") hereby appoints Anna T. Chew, Eugene W. Landy, and Michael P. Landy, and each or any of them, as proxies of the undersigned, with full power of substitution in each or any of them to attend the Annual Meeting of Shareholders (the "Meeting") of the Company, to be held at the Company's office at Juniper Business Plaza, 3499 Route 9 North, Suite 3-C, Freehold, New Jersey, on Tuesday, May 13, 2014, at 4:00 p.m., eastern time, and any postponement or adjournment thereof, to cast on behalf of the undersigned all votes that the undersigned is entitled to cast at the Meeting and to otherwise represent the undersigned at the Meeting with all powers possessed by the undersigned if personally present at the Meeting.

The undersigned hereby acknowledges receipt of the Notice of Annual Meeting of Shareholders and the accompanying Proxy Statement, the terms of each of which are incorporated by reference, and revokes any proxy heretofore given with respect to the Meeting

Address Changes/Comments: \_\_\_\_\_

\_\_\_\_\_

(If you noted any Address Changes/Comments above please mark corresponding box on the reverse side.)

Continued and to be signed on reverse side