MONMOUTH REAL ESTATE INVESTMENT CORP
Form DEF 14A
April 01, 2004

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

APRIL 29, 2004

Notice is hereby given that the Annual Meeting of Shareholders (Annual Meeting) of Monmouth Real Estate Investment Corporation (the Company) will be held Thursday, April 29, 2004, at 4:00 p.m. 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 three Directors, the names of whom are set forth in the accompanying Proxy Statement, to serve for a three-year term;

2. To approve the selection by the Board of Directors of the appointment of KPMG LLP as Independent Auditors for the Company for the year ending September 30, 2004; and

3. To transact such other business as may properly come before the Annual Meeting and any adjournment thereof.

The books containing the minutes of the last Annual Meeting of Shareholders, and the minutes of all meetings of the Directors since the last Annual Meeting of Shareholders, will be presented at the Annual Meeting for the inspection of the shareholders. Only shareholders of record at the close of business on March 16, 2004 will be entitled to vote at the Annual Meeting and at any adjournments thereof.

IF YOU ARE UNABLE TO BE PRESENT IN PERSON, PLEASE SIGN AND DATE THE ENCLOSED PROXY WHICH IS BEING SOLICITED BY THE BOARD OF DIRECTORS, AND RETURN IT PROMPTLY IN THE ENCLOSED ENVELOPE.

BY ORDER OF THE BOARD OF DIRECTORS

EUGENE W. LANDY
PRESIDENT AND DIRECTOR

March 29, 2004

-1-

MONMOUTH REAL ESTATE INVESTMENT CORPORATION
Juniper Business Plaza
3499 Route 9 North, Suite 3-C
Freehold, New Jersey 07728

PROXY STATEMENT
ANNUAL MEETING OF SHAREHOLDERS
APRIL 29, 2004

SOLICITATION AND REVOCATION OF PROXIES

This Proxy Statement is furnished in connection with the solicitation by the Board of Directors of Monmouth Real Estate Investment Corporation (the Company) of proxies to be voted at the Annual Meeting of Shareholders of the Company to be held on April 29, 2004, and at any adjournments thereof, for the purposes listed in the preceding Notice of Annual Meeting of Shareholders. This Proxy Statement and the accompanying Proxy card are being distributed on or about March 29, 2004 to shareholders of record on March 16, 2004.

A copy of the Annual Report, including financial statements, was mailed to all shareholders of record on or about March 2, 2004.

Any shareholder giving the accompanying proxy has the power to revoke it at any time before it is exercised at the Annual Meeting by filing with the Secretary of the Company an instrument revoking it, by delivering a duly executed proxy card bearing a later date, or by appearing at the meeting and voting in person. Shares represented by properly executed proxies will be voted as specified thereon by the shareholder. Unless the shareholder specifies otherwise, such proxies will be voted FOR the proposals set forth in the Notice of Annual Meeting.

The cost of preparing, assembling and mailing 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, but certain officers and regular employees of the Company, without additional compensation, may use their personal efforts, by telephone or otherwise, to obtain proxies.

VOTING RIGHTS

Only holders of the Company's $.01 par value common stock (Common Stock) of record as of the close of business on March 16, 2004, are entitled to vote at the Annual Meeting. As of the record date, there were issued and outstanding 16,327,375 shares of Common Stock, each share being entitled to one vote on any matter which may properly come before the Annual Meeting. Said voting right is non-cumulative. The holders of a majority of the outstanding shares of Common Stock shall constitute a quorum. An affirmative vote of a majority of the votes cast by the holders of the Common Stock is required for approval of Proposals 1 and 2.

PROPOSAL 1

ELECTION OF DIRECTORS

Three persons have been nominated by the Nominating Committee to serve on the Board of Directors of the Company. Your proxy will be voted for the election of the three nominees named in this proxy statement, all of whom, other than Neal Herstik, are members of the present Board of Directors, to serve for a three-year term, unless you specifically withhold your authority. All nominees have agreed to serve, if elected, for the new term. If for any reason any of the three nominees becomes unavailable for election, your proxy will be voted for any substitute nominee who may be selected by the Board of Directors prior to or at the meeting, or, if no substitute is selected by the Board of Directors, for a motion to reduce the membership of the Board of Directors to the number of the nominees who are available to serve. In the event the membership of the Board of Directors is reduced, it is anticipated that it would be restored to the original number at the next annual meeting. In the event a vacancy occurs on the Board of Directors after the Annual Meeting, the Company's Bylaws provide that any such vacancy will be filled for the unexpired term only by the affirmative vote of a majority of the remaining Directors in office. The Company has no knowledge that any of the three nominees will become unavailable for election.

The proxies solicited cannot be voted for a greater number of persons than the nominees named.

Neal Herstik, a nominee for director, is also a director of Monmouth Capital Corporation, a publicly-owned affiliate of the Company. In addition, the Officers and Directors of the Company may engage in real estate transactions for their own account, which transactions may also be suitable for the Company. In most respects, the activities of the Company, United Mobile Homes, Inc., a publicly-owned affiliate of the Company, and Monmouth Capital Corporation are not in conflict, but rather complement each other. However, the activities of the Officers and Directors of the Company on behalf of the other companies, or for their own account, may on occasion conflict with those of the Company and deprive the Company of favorable opportunities. It is the opinion of the Officers and Directors of the Company that there have been no conflicting transactions since the beginning of the last fiscal year.

The Company has three long-time Directors who have served the Company with distinction. Under the recently adopted Sarbanes-Oxley Act, the Board of Directors must consist of a majority of "independent" Directors. Therefore, Ernest V. Bencivenga, Anna T. Chew and Charles P. Kaempffer will resign as Directors, effective April 29, 2004. Each will continue to provide advice to the Company as Director Emeritus.

The following table sets forth information regarding the Directors standing for election, the Directors who will resign in order to comply with the Director requirements of the Sarbanes-

Oxley Act, and Directors whose terms continue beyond the Annual Meeting:

Nominee	Age	Present Position with the Company; Business Experience During Past Five Years; Other Directorships	Director Since
		DIRECTORS STANDING FOR ELECTION	
Daniel D. Cronheim	48	Director. Attorney at Law (1982 to present); Executive Vice President (1989 to present) and General Counsel (1983 to present) of David Cronheim Company; President (1997 to present) of David Cronheim Mortgage Company; President (2000 to present) of Cronheim Management Services, Inc.; and Director (2000 to present) of Hilltop Community Bank.	1989
Neal Herstik	45	Attorney at Law, Gross, Truss & Herstik, PC (1997 to present); Director of Monmouth Capital Corporation (2002 to present); First Vice President, Marlboro Community Players, Inc., a non-profit corporation (2000 to 2002); Co-founder and former President, Manalapan-Englishtown Education Foundation, Inc., a non-profit corporation (1995 to 2001).	New Nominee
John R. Sampson	49	Director. Managing Director and co-founder, Kalorama Partners, LLC, a strategic consulting company (2003 to present); Senior Portfolio Manager (1998 to 2002) at Fox Asset Management, LLC, a registered investment advisor that manages equity, fixed income and balanced portfolios; Principal (1995 to 1998) at Pharos Management and Principia Partners LLC, which specialize in fixed income consulting and research for the securities industry.	2001

-4-

Nominee	Age	Present Position with the Company; Business Experience During Past Five Years; Other Directorships	Director Since

DIRECTORS WHO WILL RESIGN

Ernest V. Bencivenga	85	Treasurer (1968 to present) and Director. Financial consultant to the Company (1976 to present); Treasurer and Director (1961 to present) and Secretary (1967 to present) of Monmouth Capital Corporation, an affiliate of the Company; Director (1969 to present) and Secretary/Treasurer (1984 to present) of United Mobile Homes, Inc., an affiliate of the Company.	1968
Anna T. Chew	45	Chief Financial Officer (2003 to present) and Director. Certified Public Accountant. Controller (1991 to 2003) of Monmouth Real Estate Investment Corporation; Controller (1991 to 2003), Chief Financial Officer (2003 to present) and Director (1994 to present) of Monmouth Capital Corporation, an affiliate of the Company; Vice President and Chief Financial Officer (1995 to present) and Director (1994 to present) of United Mobile Homes, Inc., an affiliate of the Company.	1993
Charles P. Kaempffer	66	Director. Director (1970 to present) of Monmouth Capital Corporation, an affiliate of the Company; Director (1969 to present) of United Mobile Homes, Inc., an affiliate of the Company; Vice Chairman and Director (1996 to present) of Community Bank of New Jersey.	1974

-5-

Nominee	Age	Present Position with the Company; Business Experience During Past Five Years; Other Directorships	Director Since
		DIRECTORS WHOSE TERMS EXPIRE IN 2005	
Matthew I. Hirsch	44	Director. Attorney at Law (1985 to present); Adjunct Professor of	2000

		Law (1993 to present), Widener University School of Law.	
Cynthia J. Morgenstern	34	Executive Vice President (2001 to present) and Director (2002 to present). Vice President (1996 to 2001) Summit Bank, Commercial Real Estate Division, a regional commercial bank.	2002
Stephen B. Wolgin	49	Director. Principal of U.S. Real Estate Advisors, Inc. (2000 to present), a real estate advisory services group based in New York; Principal of the Wolgin Group (2000-2003); prior affiliations with J.P. Morgan, Odyssey Associates, The Prudential Realty Group, Standard & Poor's Corporation, and Grubb and Ellis.	2003

-6-

Nominee	Age	Present Position with the Company; Business Experience During Past Five Years; Other Directorships	Director Since
		DIRECTORS WHOSE TERMS EXPIRE IN 2006	
Eugene W. Landy	70	President (1968 to present) and Director. Attorney at Law; President and Director (1961 to present) of Monmouth Capital Corporation, an affiliate of the Company; Chairman of the Board (1995 to present), President (1969 to 1995) and Director (1969 to present) of United Mobile Homes, Inc., an affiliate of the Company.	1968
Samuel A. Landy	42	Director. Attorney at Law (1985 to present); President (1995 to present), Vice President (1991 to 1995) and Director (1992 to present) of United Mobile Homes, Inc., an affiliate of the Company; Director (1994 to present) of Monmouth Capital Corporation, an affiliate of the Company.	1989
Peter J. Weidhorn	55	Director. Investor; Director (2000-2003) of real estate management/acquisitions at Kushner Companies; Chairman of the Board,	2001

President/CEO (1998-2000) of WNY Group, Inc., a real estate investment trust that owned and operated 8,000 apartments prior to its sale to the Kushner Companies; Director (2001 to present) of BNP Residential Properties, Inc.; Director (2003-present) of The Community Development Trust, Inc.; Trustee of the CentraState Healthcare Foundation, Inc; and Vice Chairman and Trustee of the Union for Reform Judaism.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" THE ELECTION TO THE BOARD OF DIRECTORS OF EACH OF THE THREE PERSONS STANDING FOR ELECTION NAMED ABOVE

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.

The Company has a standing Audit Committee, Stock Option Committee, Compensation Committee and Nominating Committee of the Board of Directors.

Audit Committee

The Audit Committee's responsibilities include reviewing and overseeing financial reporting, policies and procedures and internal controls, retaining the independent auditor, approving the audit fees, and discussing the independent auditors independence. It also overseeing the internal audit function, legal and regulatory compliance and adherence to the Code of Business Conduct and Ethics, 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 current members of the Company's Audit Committee are Charles P. Kaempffer, Matthew I. Hirsch, and Peter J. Weidhorn. The Board intends to appoint Stephen B. Wolgin to the Audit Committee upon resignation of Charles P. Kaempffer at the Annual Meeting of Shareholders. After the Annual Meeting, the new members of Audit Committee will then consist of Matthew I. Hirsch, Peter J. Weidhorn, and Stephen B. Wolgin. The Board has determined that the new members of the Audit Committee are independent as defined by the rules of the SEC and the listing standards of the NASDAQ Stock Market, and that each of them is able to read and understand fundamental financial statements.

The Board has also determined that Peter J. Weidhorn is an "audit committee financial expert" within the meaning of the rules of the SEC and is "financially sophisticated" within the meaning of the rules of the NASDAQ Stock Market.

Stock Option Committee

The Stock Option Committee administers the Company's 1997 Stock Option Plan and had one meeting during the last fiscal year. The current members of the Stock Option Committee are Daniel D. Cronheim and Matthew I. Hirsch. The Board intends to appoint Stephen B. Wolgin to the Stock Option Committee after the Annual Meeting of Shareholders. After the Annual Meeting, the members of the Stock Option Committee will then consist of Matthew I. Hirsch and Stephen B. Wolgin. The Board has determined that the new members of the Stock Option Committee are independent as defined by the rules of the SEC and the listing standards of the NASDAQ Stock Market.

Compensation Committee

The Compensation Committee evaluates the President's performance in light of the Company's goals and objectives and determines the President's and executive officers' compensation, which includes base salary and bonus. The Compensation Committee had one meeting during the last fiscal year. The current members of the Compensation Committee are Daniel D. Cronheim and Matthew I. Hirsch. The Board intends to appoint Stephen B. Wolgin to the Compensation Committee after the Annual Meeting of Shareholders. After the Annual Meeting, the members of the Compensation Committee will then consist of Matthew I. Hirsch and Stephen B. Wolgin. The Board has determined that the new members of the Compensation Committee are independent as defined by the rules of the SEC and the listing standards of the NASDAQ Stock Market.

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 was established in January 2004, and accordingly had no meetings during the last fiscal year. The Nominating Committee met in January 2004 to recommend the directors for the Annual Meeting of Shareholders. Matthew I. Hirsch, Peter J. Weidhorn and Stephen B. Wolgin serve on the Nominating Committee. The Board of Directors has determined that each member of the Nominating Committee is an independent Director as defined by the rules of the SEC and the listing standards of the NASDAQ Stock Market. Our Nominating Committee does not operate under a written charter.

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 director candidates recommended by the Company's shareholders. Recommendations with regard to nominees for election to the Board of Directors may be submitted by any stockholder entitled to vote for the election of directors in writing, received by the

Secretary of the Corporation at least 45 days prior to the date on which the Company first mailed its proxy materials for the prior year's annual meeting of shareholders, or, if the Company did not have an annual meeting of shareholders in the prior year, 90 days prior to the date of the annual meeting. Each notice of nomination must set forth (i) the name, age, business address and, if known, residence address of each nominee, (ii) the principal occupation or employment of each such nominee, and (iii) the number of shares of common stock of the Company which are beneficially owned by each such nominee.

In connection with the formation of the Nominating Committee, the Company's Board of Directors established certain minimum qualifications for board members, including being at least 21 years old and possessing (1) the ability to read and understand corporate financial statements, (2) relevant business experience and professional skills, (3) high moral character and personal and professional integrity, and (4) the willingness to commit sufficient time to attend to his or her duties and responsibilities as a director of a public corporation. In addition, the Nominating Committee may consider a variety of other qualities and skills, including (i) the ability to exercise independent decision-making, (ii) the absence of conflicts of interest and, (iii) the ability to work effectively with other directors in collectively serving the long-term interests of all shareholders. Nominees must also meet any applicable requirements of SEC regulations, state law, and the Company's articles of incorporation and bylaws.

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 deemed necessary or appropriate, hiring a search firm. 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 contacts. 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 will be submitted to the Nominating Committee for final evaluation. The Nominating Committee will meet to consider such recommendations and to approve the final candidate. The Nominating Committee will evaluate all nominees for director, including nominees recommended by a stockholder, on the same basis.

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

Independent Director Meeting

The Company's independent directors, as defined under the listing standards of the NASDAQ stock market, have established a policy to meet separately from the other directors in a regularly scheduled executive session at least annually, and at such times as may be deemed appropriate by the Company's independent directors. Any independent director may call and executive session of independent directors at any time.

Shareholder Communications

The Company has established procedures for shareholders to communicate with the Board of Directors on a confidential basis. Shareholders who wish to communicate with the Board or with a particular director may send a letter to the Secretary of the Company at 3499 Route 9 North, Suite 3-C, Freehold, NJ 07728. The mailing envelope must contain a clear notation indicating that the enclosed mailing is a "Stockholder-Board Communication" or "Stockholder-Director Communication". All such letters must identify the author as a stockholder and clearly state whether the intended recipients of the letter are all of the members of the Board or just certain specified individual directors. The Secretary will make copies of all such letters and circulate them to the directors addressed. If a stockholder wishes the communication to be confidential, such shareholder must clearly indicate on the envelope that the communication is "Confidential". The Secretary will then forward such communication, unopened, to the intended recipient.

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 officers and principal financial officer. This code is posted on our website at http:www.mreic.com. During 2003, no violations of the Code of Business Conduct and Ethics were reported nor were any waivers granted.

PROPOSAL 2

APPROVAL OF INDEPENDENT AUDITORS

It is proposed to approve the appointment of KPMG LLP as Independent Auditors for the purpose of making the annual audit of the books of account of the Company for the year ending September 30, 2004, and shareholder approval of said appointment is requested. KPMG LLP has served as independent auditors of the Company since 1994. There are no affiliations between the Company and KPMG LLP, its partners, associates or employees, other than its employment as Independent Auditors for the Company. KPMG LLP informed the Company that it has no direct or indirect financial interest in the Company. The Company expects a representative of KPMG LLP to be present at the Annual Meeting either to make a statement or to respond to appropriate questions.

The approval of the appointment of the Independent Auditors must be by the affirmative vote of a majority of the votes cast at the Annual Meeting. In the event KPMG LLP does not receive an affirmative vote of the majority of the votes cast by the holders of shares entitled to vote, then another firm will be appointed as Independent Auditors and the shareholders will be asked to ratify the appointment at the next annual meeting.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" THIS PROPOSAL

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 (Shares) as of March 1, 2004 by:

- each person known by the Company to beneficially own more than five percent of the Company's outstanding 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 shares beneficially owned by each person, Shares that may be acquired by that person under options exercisable within sixty (60) days of March 1, 2004 are deemed beneficially owned by that person and are deemed outstanding for purposes of determining the total number of outstanding shares for that person and are not deemed outstanding for that purpose for all other shareholders.

-11-

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership(1)	Percentage of Shares Outstanding(2)
United Mobile Homes, Inc.	194,480	1.21%
Palisade Concentrated Equity Partnership, L.P. One Bridge Plaza Fort Lee, New Jersey 07024	1,304,000	8.11%
Oakland Financial Corporation 34200 Mound Road Sterling Heights, Michigan		

48310	1,149,245(3)	7.15%
Ernest V. Bencivenga	47,822(4)	*
Anna T. Chew	98,276(5)	*
Daniel D. Cronheim	60,863(6)	*
Neal Herstik	200	*
Matthew I. Hirsch	44,691(7)	*
Charles P. Kaempffer	66,836(8)	*
Eugene W. Landy	1,051,483(9)(14)	6.46%
Samuel A. Landy	230,756(10)	1.43%
Cynthia J. Morgenstern	56,957(11)	*
John R. Sampson	35,814(12)	*
Peter J. Weidhorn	21,000(13)	*
Stephen B. Wolgin	2,592	*
Directors and Officers as a group	1,717,290(14)	10.45%

*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 Shares listed.

(2) Based on the number of Shares outstanding on March 1, 2004, which was 16,078,030 Shares.

(3) Based upon correspondence dated March 1, 2004 from Oakland Financial Corporation ("Oakland"), Liberty Bell Agency, Inc. ("Liberty Bell"), and Cherokee Insurance Company ("Cherokee"), as of March 1, 2004, Oakland owns 17,271 Shares, Liberty Bell owns 593,861 Shares and Cherokee owns 492,395 Shares, and Matthew T. Moroun owns 45,718 Shares. Amendment No. 2 to Schedule 13-D dated October 1, 2002 filed with the SEC by Oakland, indicates that Oakland shares voting and dispositive power with respect to those Shares with Liberty Bell and Cherokee, both of which are wholly-owned subsidiaries of Oakland. Matthew T. Moroun is the Chairman of the Board and controlling stockholder of Oakland, Liberty Bell and Cherokee.

(4) Includes 15,000 Shares issuable upon the exercise of stock options.

(5) Includes (a) 48,276 Shares owned jointly with Ms. Chew's husband; and (b) 62,414 Shares held in the United Mobile Homes, Inc. 401(k) Plan (the "UMH 401(k)"). As a co-trustee of the UMH 401(k), Ms. Chew has shared voting power over all the shares held by the UMH 401(k). She, however, disclaims beneficial ownership of all of the Shares held by the UMH 401(k), except for the 11,783 Shares held by the UMH 401(k) for her benefit. Includes 50,000 Shares issuable upon the exercise of stock options.

(6) Includes 15,000 Shares issuable upon the exercise of stock options.

(7) Includes 30,691 Shares owned jointly with Mr. Hirsch's wife and 14,000 Shares issuable upon the exercise of stock options.

(8) Includes 16,974 Shares owned by Mr. Kaempffer's wife and 15,000 Shares issuable upon exercise of stock options.

(9) Includes (a) 84,766 Shares owned by Mr. Landy's wife; (b) 161,764 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) 126,586 Shares held in the Landy & Landy Employees' Pension Plan of which Mr. Landy is a trustee and has shared voting and dispositive power; and (d) 60,000 Shares held in the Eugene W. and Gloria Landy Family Foundation, a charitable trust, of which Mr. Landy has shared voting and dispositive power. Includes 195,000 Shares issuable upon the exercise of stock options.

(10) Includes (a) 6,646 Shares owned by Mr. Landy's wife; (b) 74,202 Shares held in custodial accounts for Mr. Landy's minor children under the New Jersey Uniform Transfers to Minors Act with respect to which he disclaims any beneficial interest but he has sole dispositive and voting power; (c) 1,000 Shares in the Samuel Landy Family Limited Partnership; and (d) 62,414 Shares held in the UMH 401(k) Plan. As a co-trustee of the UMH 401(k), Mr. Landy has shared voting power over the Shares held by the UMH 401(k). He, however, disclaims beneficial ownership of all of the Shares held by the UMH 401(k), except for the 30,935 Shares held by the UMH 401(k) for his benefit. Includes 15,000 Shares issuable upon the exercise of stock options.

(11) Includes 800 Shares held in Ms. Morgenstern's 401(k) plan over which she has sole dispositive power.

(12) Includes 2,000 Shares held in custodial accounts for Mr. Sampson's minor children under the New Jersey Uniform Gifts to Minors Act with respect to which he disclaims any beneficial interest but he has sole dispositive and voting power. Includes 20,000 Shares issuable upon the exercise of stock options.

(13) Includes 15,000 Shares issuable upon exercise of stock options.

(14) Excludes 194,480 Shares owned by United Mobile Homes, Inc. Eugene W. Landy beneficially owns approximately 11.65% of

the shares of United Mobile Homes, Inc. and is an officer and director of United Mobile Homes, Inc.

EXECUTIVE COMPENSATION

Summary Compensation Table

The following Summary Compensation Table shows compensation paid by the Company to its Chief Executive Officer and Executive Vice President for services rendered during the fiscal years ended September 30, 2003, 2002 and 2001. There were no other executive officers whose aggregate cash compensation exceeded $100,000.

Name and	Annual Compensation			
Principal Position	Year	Salary	Bonus	Other
Eugene W. Landy	2003	$150,000	$30,000	$ 94,000 (1)
Chief Executive Officer	2002	$150,000	$30,000	$ 75,300 (1)
	2001	$150,000	$30,000	$105,200 (1)
Cynthia J. Morgenstern	2003	$139,077	$9,615	$ 21,905 (2)
Executive Vice President	2002	$121,250	$8,462	$ 6,438 (2)
	2001	$ 78,269	-0-	-0-

(1) Represents Director's fees of $17,500, $16,300 and $8,700 for 2003, 2002 and 2001, respectively, paid to Mr. Landy; accrual for pension and other benefits of $59,000, $59,000 and $49,000 for 2003, 2002 and 2001, respectively, in accordance with Mr. Landy's employment contract; and legal fees of $17,500, $-0- and $47,500 for 2003, 2002 and 2001, respectively.

(2) Represents Director's fees and discretionary contributions by the Company to the Company's 401(k) Plan allocated to the account of the named executive officer.

Compensation of Directors

During 2001, the Directors received a fee of $1,000 for each Board meeting attended and an additional fixed annual fee of $7,600 payable quarterly. Effective April 1, 2002, the meeting fee was increased to $1,500 and the fixed annual fee was increased to $10,000. Directors appointed to committees received $150 for each committee meeting attended. Those specific committees are Compensation Committee, Audit Committee, Stock Option Committee and Nominating Committee.

Stock Option Plan

On April 24, 1997, the shareholders approved and ratified the Company's 1997 Stock Option Plan authorizing the grant to officers, directors and key employees options to purchase up to 750,000 shares. On April 25, 2002, the shareholders approved an increase in the number of shares available under the Plan to

1,500,000. Options may be granted any time up to December 31, 2006. No option is available for exercise ten years after the date it is granted. All options are exercisable 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.

The following table sets forth, for the executive officers named in the Summary Compensation Table, information regarding individual grants of stock options made during the year ended September 30, 2003:

Name	Options Granted	Percent Granted to Employees	Price Per Share	Expiration Date	Potential Realized Value at Assumed Annual Rates for Option Terms	
Eugene W. Landy	65,000	100%	$6.90	1/22/11	$181,500	$465,500

The following table sets forth, for the executive officers named in the Summary Compensation Table, information regarding stock options outstanding at September 30, 2003:

Name	Shares Acquired Upon Exercise	Value Realized	Number of Unexercised Options at Year-End Exercisable/ Unexercisable	Value of Unexercised Options at Year-End Exercisable/ Unexercisable
Eugene W. Landy	-0-	N/A	195,000/ 65,000	$320,000/ $78,650
Cynthia J. Morgenstern	-0-	N/A	50,000/ -0-	$49,000/ -0-

Employment Agreements

On January 1, 2004, Eugene W. Landy's Employment Agreement with the Company was amended to extend for five years to December 31, 2009. Mr. Landy's amended Employment Agreement provides for (1) an increase in his annual base compensation from $150,000 to $175,000; (2) an increase in his severance payment from $300,000 payable $100,000 a year for three years to $500,000 payable $100,000 a year for five years; and (3) an increase from $40,000 a year to $50,000 a year of his pension benefits; and (4) an extension of three years of his pension payments for a ten-year period commencing January 1, 2004. Mr. Landy receives bonuses and customary fringe benefits, including health insurance and five weeks' vacation. Additionally, there will be bonuses voted by the Board of Directors. The Employment Agreement is terminable by either party at any time subject to certain notice requirements. The Agreement is attached at Appendix A.

Effective January 15, 2004, the Company and Cynthia J. Morgenstern entered into a three-year employment agreement under which Ms. Morgenstern receives an annual base salary of $160,000, increasing to $176,000 in 2005 and to $194,000 in 2006, plus bonuses and customary fringe benefits. In the event of disability, her salary shall continue for a period of two years. The Agreement is attached at Appendix B.

Other Information

Except for specific agreements, the Company has no retirement plan in effect for officers, directors or employees and, at present, has no intention of instituting such a plan.

Daniel D. Cronheim is a Director of the Company and Executive Vice President of David Cronheim Company. The David Cronheim Company received $14,377 in lease brokerage commissions in 2003. Cronheim Management Services, a division of David Cronheim Company, received the sum of $258,626 in 2003 for management fees. In 1998, the Company entered into a new management contract with Cronheim Management Services. Under this contract, Cronheim Management Services receives 3% of gross rental income on certain properties for management fees. Cronheim Management Services provides sub-agents as regional managers for the Company's properties and compensates them out of this management fee. Management believes that the aforesaid fees are no more than what the Company would pay for comparable services elsewhere.

REPORT OF THE COMPENSATION COMMITTEE ON EXECUTIVE COMPENSATION

Overview and Philosophy

The Company has a Compensation Committee consisting of two independent, outside Directors. This Committee is responsible for making recommendations to the Board of Directors concerning compensation. The Compensation Committee takes into consideration three major factors in setting compensation.

The first consideration is the overall performance of the Company. The Committee believes that the financial interests of the executive officers should be aligned with the success of the Company and the financial interests of its shareholders.

The second consideration is the individual achievements made by each officer. The Company is a small REIT. The Board of Directors is aware of the contributions made by each officer and makes an evaluation of individual performance based on their own familiarity with the officer.

The final criteria in setting compensation is comparable wages in the industry. In this regard, the REIT industry maintains excellent statistics.

Evaluation

The Committee reviewed the progress made by Eugene W. Landy, Chief Executive Officer. Mr. Landy is under an employment agreement with the Company. His base compensation under this contract was increased in 2004 to $175,000 per year, and his bonus for 2003 was $30,000.

Compensation Committee:
Daniel D. Cronheim
Matthew I. Hirsch

REPORT OF THE AUDIT COMMITTEE

The Board of Directors adopted a written charter for the Audit Committee in March, 2001. The Board of Directors amended this charter in September 2003 in order to comply with the new rules of the SEC and the listing standards of the NASDAQ Stock Market. The amended charter is presented herein at Appendix C and on our website at http: www.mreic.com.

The Company has an Audit Committee consisting of three "independent" Directors, as defined by the listing standards of the Nasdaq Stock Market. 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, 2003.

We have discussed with the independent auditors the matters required to be discussed by Statement on Auditing Standards No. 61, Communication with Audit Committees.

We have received and reviewed the written disclosures and the letter from the independent auditors required by Independence Standard No. 1, "Independence Discussions with Audit Committees", and have discussed with the auditors the auditors' 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, 2003.

-17-

Fees Billed by Independent Auditors

KPMG LLP served as the Company's independent auditors for the years ended September 30, 2003 and 2002. The following are the fees billed by KPMG in connection with services rendered:

	2003	2002
Audit Fees	$73,000	$34,900
Audit Related Fees	-0-	-0-
Tax Fees	39,500	21,800
All Other Fees	-0-	-0-
Total Fees	$112,500	$56,700

Audit fees include professional services rendered by KPMG LLP for the audit of the Company's annual financial statements and reviews of financial statements included in the Company's quarterly reports on Form 10-Q. Audit fees also 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 by KPMG LLP 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 KPMG LLP to the Company, including audit services, audit-related services, tax services and other services, must be pre-approved by the Committee. 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 KPMG LLP's independence.

Audit Committee:
Charles P. Kaempffer
Matthew I. Hirsch
Peter J. Weidhorn

-18-

COMPARATIVE STOCK PERFORMANCE

The following line graph shows changes in the value over the last five fiscal years of an assumed investment of $100 in (i) the Company's common stock; (ii) in the stocks that comprise the NAREIT All REIT Total Return Index, published by the National Association of Real Estate Investment Trusts (NAREIT); and (iii) the stocks that comprise 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 herein has been obtained from sources believed to be reliable, but neither its accuracy nor its completeness is guaranteed.

Year	Monmouth Real Estate Investment Corporation	NAREIT	S&P 500

1998	100	100	100
1999	95	91	126
2000	101	109	141
2001	135	124	102
2002	168	136	80
2003	210	172	98

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Prior to the adoption of Sarbanes Oxley Act of 2002, Section 202, prohibiting loans to directors and executive officers, the Board of Directors of the Company granted Eugene W. Landy, President, loans to enable Mr. Landy to exercise stock options totaling $1,164,375 at December 31, 2003, at interest rates ranging from 5% to 7% and maturity dates ranging from 2007 to 2012.

There is no family relationship between any of the Directors or executive officers of the Company, except that Samuel A. Landy, a Director of the Company, is the son of Eugene W. Landy, the President 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.

Daniel D. Cronheim, a Director of the Company, is the Executive Vice President and General Counsel of David Cronheim Company, the real estate advisor to the Company.

COMPLIANCE WITH EXCHANGE ACT FILING REQUIREMENTS

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires the Company's Officers and Directors, and persons who own more than 10% of the Company's Common Stock, to file reports of ownership and changes in ownership with the Securities and Exchange Commission. Officers, Directors and greater than 10% shareholders are required by Securities and Exchange Commission 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 judgment 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, 2003 (as filed with the Securities and Exchange Commission), including the financial statements and schedules thereto. All such requests should be directed to Monmouth Real Estate Investment Corporation, Attention: Shareholder Relations, Juniper Business Plaza, 3499 Route 9 North, Suite 3-C, Freehold, NJ 07728.

-20-

SHAREHOLDER PROPOSALS

In order for Shareholder Proposals for the 2005 Annual Meeting of Shareholders to be eligible for inclusion in the Company's 2005 Proxy Statement, they must be received by the Company at its office at Juniper Business Plaza, 3499 Route 9 North, Suite 3-C, Freehold, New Jersey 07728 not later than December 7, 2004.

BY ORDER OF THE BOARD OF DIRECTORS

Eugene W. Landy
President and Director

Dated: March 29, 2004

Important: Shareholders can help the Directors avoid the necessity and expense of sending follow-up letters to insure a quorum by promptly returning the enclosed 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 sign and return the enclosed proxy in order that the necessary quorum may be represented at the meeting. The enclosed addressed envelope requires no postage and is for your convenience.

-21-

APPENDIX A

SECOND AMENDMENT TO EMPLOYMENT AGREEMENT

This Second Amendment to Employment Agreement (the "Amendment") is made and entered into this 5th day of November, 2003, by and between Monmouth Real Estate Investment Corporation, a Maryland corporation (the "Company") and Eugene W. Landy, an individual (the "Employee").

W I T N E S S E T H:

WHEREAS, in accordance with the recommendations of the Compensation Committee of the Company and the approval of the Board of Directors of the Company at its meeting on September 23, 2003, it was determined to amend the current Compensation Agreement of Eugene W. Landy.

NOW, THEREFORE, the following amendments are hereby added to the Amended Employment Agreement dated June 26, 1997, by and between the Company and Eugene W. Landy.

1. The current Amended Employment Agreement automatically extends for five years. Thus, the parties have agreed that the Second Amended Employment Agreement will be for the period January 1, 2004 to December 31, 2009.

2. The base salary effective January 1, 2004 is $175,000.

3. The 1997 Bonus Schedule, a copy of which is attached, will remain in force, including the annual grants of stock options of 65,000 shares per year.

4. Severance shall be $500,000, payable $100,000 a year for five years. The transactional severance bonus will remain the same as currently provided.

5. Eugene W. Landy has elected early payment of the pension benefits, commencing in 2001. Effective January 1, 2004,

the pension for Eugene W. Landy shall be $50,000 a year for ten years, an extension of three years from the current pension payments. On the death of the Employee, the pension funds shall be paid to the Employee's designated beneficiary.

-22-

6. The $500,000 death benefit shall remain in force.

7. The three-year disability payment will remain the same.

The provision providing that the Employee shall participate in all health, dental, insurance and similar plans of the Company shall further provide that the Employee shall participate during the period he is receiving the pension benefits provided in Section 7 of the Amended Employment Agreement.

IN WITNESS WHEREOF, this Second Amendment to Employment Agreement has been duly executed by the Company and the Employee on the date first above written.

MONMOUTH REAL ESTATE INVESTMENT CORPORATION

By: /s/ Cynthia J. Morgenstern
Cynthia J. Morgenstern,
Executive Vice President

ATTEST:

/s/ Louise Green
Louise Green, Secretary

/s/ Eugene W. Landy
Eugene W. Landy,
Employee

WITNESS:

/s/ Elizabeth Chiarella
Elizabeth Chiarella

-23-

APPENDIX B

MONMOUTH REAL ESTATE INVESTMENT CORPORATION

Employment of the Executive Vice-President –

Cynthia J. Morgenstern

AGREEMENT EFFECTIVE JANUARY 15, 2004

BY AND BETWEEN: Monmouth Real Estate Investment Corporation, A Maryland Corporation ("Corporation")

AND: Cynthia J. Morgenstern ("Employee")

Corporation desires to employ Employee to the business of the Corporation and Employee desires to be so employed. The parties agree as follows:

1. Employment.

Corporation agrees to employ Employee and Employee agrees to be employed in the capacity as Executive Vice-President for a term of three (3) years effective January 15, 2004 and terminating January 14, 2007.

2. Time and Efforts.

Employee shall diligently and conscientiously devote her time and attention and use her best efforts in the discharge of her duties as Executive Vice-President of the Corporation.

3. Board of Directors.

Employee should at all times discharge her duties in consultation with and under the supervision of the Board of Directors of the Corporation. In the performance of her duties, Employee shall make her principal office in such place as the Board of Directors of the Corporation and Employee from time to time agree.

4. Compensation.

Corporation shall pay to Employee as compensation for her services a base salary, which shall be paid in equal weekly installments, as follows:

(a.) For the year beginning January 15, 2004 and ending on January 14, 2005, the base salary shall be $160,000 annually;

(b.) For the year beginning January 15, 2005 and ending on January 14, 2006, the base salary shall be $176,000 annually;

(c.) For the year beginning January 15, 2006 and ending on January 14, 2007, the base salary shall be $194,000 annually;

In the event of the disability of employee, her salary shall continue for a period of two years payable monthly.

Thereafter, the term of this Employment Agreement shall be automatically renewed and extended for successive one-year periods except that either party may, at least ninety (90) days prior to such expiration date or any anniversary thereof, give written notice to the other party electing that this Employment Agreement not be renewed or extended, in which event this Employment Agreement shall expire as of the expiration date or anniversary date, respectively.

In the event of a merger of the Corporation, or upon any change of control, defined as either voting control or control of 25% of the Board of Directors by other than the existing directors, Employee shall have the right to extend and renew this Employment Agreement so that the expiration date will be one year from January 14, 2007. If there is a termination of employment for any reason, either involuntary or voluntary, Employee shall be entitled to receive one year's compensation at the date of termination. The compensation is to be at the greater of current compensation or that at the date of merger or change of control.

5. Bonuses.

Bonuses shall be paid at the discretion of the Board of Directors or the President.

6. Expenses.

Corporation will reimburse Employee for reasonable and necessary expenses incurred by her in carrying out her duties under this Agreement. Employee shall present to the Corporation from time to time an itemized account of such expenses in such form as may be required by the Corporation.

7. Vacation.

Employee shall be entitled to take four (4) paid weeks vacation per year.

8. Pension.

Employee, at her option, may participate in the 401-k plan of United Mobile Homes, Inc., according to its terms.

9. Life and Health Insurance Benefits.

Employee shall be entitled during the term of this Agreement to participate in all health insurance and group life insurance benefit plans providing benefits generally applicable to the employees of United Mobile Homes, Inc. as may be modified from time to time. Plan description is detailed in Exhibit A attached.

10. The Employee shall be provided with a company automobile.

11. Notices.

-25-

All notices required or permitted to be given under this Agreement shall be given by certified mail, return receipt requested, to the parties at the following addresses or such other addresses as either may designate in writing to the other party:

Corporation:
MREIC
Juniper Business Plaza
3499 Route 9N, Suite 3C
Freehold, NJ 07728

Employee: Cynthia J. Morgenstern
317 Ace Dr.
Wall. NJ 07719

12. Governing Law.

This Agreement shall be construed and governed in accordance with the laws the State of New Jersey.

13. Entire Contract.

This Agreement constitutes the entire understanding and agreement between the Corporation and Employee with regard to all matters herein. There are no other agreements, conditions or representations, oral or written, express or implied, with regard thereto. This agreement may be amended only in writing signed by both parties hereto.

IN WITNESS WHEREOF, Corporation has by its appropriate officers signed and affixed its seal and Employee has signed and sealed this Agreement.

MONMOUTH REAL ESTATE INVESTMENT CORPORATION

(SEAL)

By /s/Ernest V. Bencivenga
Ernest V. Bencivenga
Treasurer

By /s/Cynthia J. Morgenstern
Cynthia J. Morgenstern
Employee

Dated: January 15, 2004

APPENDIX C

MONMOUTH REAL ESTATE INVESTMENT CORPORATION
AUDIT COMMITTEE CHARTER

I. AUDIT COMMITTEE PURPOSE

The Audit Committee is appointed by the Board of Directors to assist the Board in fulfilling its oversight responsibilities. The Audit Committee's primary duties and responsibilities are to:

- Monitor the integrity of the Company's financial reporting process and systems of internal controls regarding finance, accounting, and legal compliance.

- Monitor the independence and performance of the Company's independent auditors.

- Provide an avenue of communication among the independent auditors, management, and the Board of Directors.

The Audit Committee has the authority to conduct any investigation appropriate to fulfilling its responsibilities and it has direct access to the independent auditors as well as anyone in the organization. The Audit Committee has the ability to retain, at the Company's expense, special legal, accounting, or other consultants or experts it deems necessary in the performance of its duties.

II. AUDIT COMMITTEE COMPOSITION AND MEETINGS

Audit Committee members shall meet the requirements of the listing standards of the National Association of Securities Dealers (NASD) and the Securities and Exchange Commission (SEC). The Audit Committee shall be comprised of three directors as determined by the Board, each of whom shall be independent nonexecutive directors, free from any relationship that would interfere with the exercise of his or her independent judgment. All members of the Committee shall have a basic understanding of finance and accounting and be able to read and understand fundamental financial statements, and at least one member of the Committee shall have accounting or related financial management expertise.

Audit Committee members shall be appointed by the Board of Directors upon recommendation by the Chairman. If an audit committee Chair is not designated or present, the members of the Committee may designate a Chair by majority vote of the Committee membership.

The Committee shall meet at least two times annually, or more frequently as circumstances dictate. The Audit Committee Chair shall prepare and/or approve an agenda in advance of each meeting. The Committee should meet privately in executive session at least annually with management and the independent auditors and as a committee to discuss any matters that the Committee or each of these groups believe should be discussed. The Committee may ask members of management or others to attend meetings and provide pertinent information as necessary. The Committee or its Chair should communicate with management and the independent auditors quarterly to review the Company's financial statements and significant findings based upon the auditors limited review procedures, as considered necessary.

-27-

III. AUDIT COMMITTEE RESPONSIBILITIES AND DUTIES

Review Procedures

1. Review and reassess the adequacy of this Charter at least annually. Submit the charter to the Board of Directors for approval and have the document published at least every three years in accordance with SEC regulations.

2. Review the Company's annual audited financial statements prior to filing or distribution. Review should include discussion with management and independent auditors of significant issues regarding accounting principles, practices and judgments.

3. In consultation with management and the independent auditors, consider the integrity of the Company's financial reporting processes and controls. Discuss significant financial risk exposures and the steps management has taken to monitor, control and report such exposures. Review significant findings prepared by the independent auditors together with management's responses.

4. Review with financial management and the independent auditors, the company's quarterly financial results prior to the release of earnings and/or the company's quarterly financial statements prior to filing or distribution, as considered necessary. Discuss any significant changes to the Company's accounting principles and any items required to be communicated by the independent auditors in accordance with SAS 61 (see item 9). The Chair of the Committee may represent the entire Audit Committee for purposes of this review.

Independent Auditors

5. The independent auditors are ultimately accountable to the Audit Committee and the Board of Directors. The Audit Committee shall review the independence, and performance of the auditors and annually recommend to the Board of Directors the appointment of the independent auditors or approve any discharge of auditors when circumstances warrant.

6. Approve the fees and other significant compensation to be paid to the independent auditors.

7. On an annual basis, the Committee should review and

discuss with the independent auditors all significant relationships they have with the Company that could impair the auditors' independence.

8. Review the independent auditors audit plan-discuss scope, staffing, locations, reliance upon management and general audit approach, as considered necessary.

9. Discuss certain matters required to be communicated to audit committees in accordance with AICPA SAS 61.

10. Consider the independent auditors' judgments about the quality and appropriateness of the Company's accounting principles as applied in its financial reporting.

Legal Compliance

11. On at least an annual basis, review with the Company's counsel, any legal matters that could have a significant impact on the organization's financial statements, the Company's compliance with applicable laws and regulations, inquiries received from regulators or governmental agencies.

Other Audit Committee Responsibilities

12. Annually prepare a report to shareholders as required by the Securities and Exchange Commission. The report should be included in the Company's annual proxy statement.

13. Perform any other activities consistent with this Charter, the Company's By-laws and governing law, as the Committee or the Board deems necessary or appropriate.

14. Maintain minutes of meetings and periodically report to the Board of Directors on significant results of the foregoing activities.

15. Establish and maintain the procedures for the treatment of complaints regarding accounting, internal control, auditing, including procedures for the anonymous submission of complaints.

PROXY PROXY

MONMOUTH REAL ESTATE INVESTMENT CORPORATION
A Real Estate Investment Trust

PROXY FOR ANNUAL MEETING OF SHAREHOLDERS

This Proxy is Solicited on Behalf of the Board of Directors

The undersigned hereby constitutes and appoints Eugene W. Landy, Cynthia J. Morgenstern, and Samuel A. Landy, and each or any of them, proxies of the undersigned, with full power of substitution, to vote in their discretion (subject to any direction indicated hereon) at the Annual Meeting of Shareholders to be held at the Company Office at Juniper Business Plaza, 3499 Route 9 North, Suite 3-C, Freehold, New Jersey, on Thursday, April 29, 2004, at 4:00 o'clock p.m., and at any adjournment thereof, with all the powers which the undersigned would possess if personally present, and to vote all shares of stock which the undersigned may be entitled to vote at said meeting.

(Continued and to be signed on the reverse side)

PLEASE SIGN, DATE AND RETURN PROMPTLY IN THE ENCLOSED ENVELOPE.
PLEASE MARK YOUR VOTE IN BLUE OR BLACK INK AS SHOWN HERE /X/

1. Election of Directors:

	NOMINEES:
FOR ALL NOMINEES	Daniel D. Cronheim
	Neal Herstik
	John R. Sampson
WITHHOLD AUTHORITY FOR ALL NOMINEES	
FOR ALL EXCEPT (See instructions below)	

INSTRUCTION: To withhold authority to vote for any individual nominee(s), mark "FOR ALL EXCEPT" and fill in the circle next to each nominee you wish to withhold, as shown here:

(2) Approval of the appointment of KPMG LLP as Independent Auditors for the Company for the fiscal year ending September 30, 2004.

FOR AGAINST ABSTAIN

(3) Such other business as may be brought before the meeting or any adjournment thereof. The Board of Directors at present knows of no other business to be presented by or on behalf of the Company or its Board of Directors at the meeting.

The Board of Directors recommends a vote FOR items (1) and (2), and all shares represented by this Proxy will be so voted unless otherwise indicated, in which case they will be voted as marked.

Receipt of Notice of Meeting and Proxy Statement is hereby acknowledged.

To change the address on your account, please check the box at right and indicate your new address in the address space above. Please note that changes to the registered name(s) on the account may not be submitted via this method.

Signature of Shareholder _____________________ Date ______
Signature of Shareholder _____________________ Date ______

Note: Please sign exactly as your name(s) appear on this Proxy. When shares are held jointly, each holder should sign. When signing as executor, administrator, attorney, trustee or guardian, please give full title as such. If the signer is a corporation, please sign full corporate name by duly authorized officer, giving full title as such. If signer is a partnership, please sign in partnership name by authorized person.