MONMOUTH REAL ESTATE INVESTMENT CORP
Form PRE 14A
March 14, 2003

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

Filed by the Registrant [X]

Filed by a Party other than the Registrant [_]

Check the appropriate box:

[X] 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 ss. 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):

[X] No fee required.

[_] Fee computed on table below per Exchange Act Rules 14a-6(i)(4) 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

April 7, 2003

Dear Stockholder:

You are cordially invited to attend the Annual Meeting of the Stockholders of Monmouth Real Estate Investment Corporation (the "Company") to be held at 4:00 p.m., local time, on Tuesday, May 6, 2003, at Juniper Business Plaza, 3499 Route 9 North, Suite 3-C, Freehold, New Jersey 07728.

At the Annual Meeting, you will be asked to consider and vote upon a proposal to reincorporate the Company as a Maryland corporation pursuant to a merger of the Company into a newly formed, wholly-owned subsidiary of the Company incorporated in Maryland, and the conversion of each outstanding share of Class A common stock of the Company into one share of common stock of the surviving Maryland corporation (the "Reincorporation"). The board of directors has carefully considered and approved the Reincorporation and believes for the reasons described in the accompanying proxy statement (the "Proxy Statement") that the best interests of the Company and its stockholders will be served by changing the Company's state of incorporation from Delaware to Maryland. Accordingly, your board of directors unanimously recommends that you vote for the Reincorporation. Approval of the Reincorporation will constitute approval of all of the provisions set forth in the Articles of Incorporation and Bylaws of the Maryland corporation and certain other matters as described in the Proxy Statement.

In addition to voting on the Reincorporation, you will be asked to consider and vote upon the election of ten directors to the board of directors of the Company and to ratify the appointment of KPMG LLP, as the Company's independent auditors for the fiscal year ending September 30, 2003. **THE ELECTION OF THE DIRECTORS AND THE RATIFICATION OF THE INDEPENDENT AUDITORS ARE NOT CONDITIONED ON THE APPROVAL OF THE REINCORPORATION.**

The Reincorporation, the election of directors and ratification of the Company's independent auditors are more fully described in the Proxy Statement. We urge you to review carefully the Proxy Statement and accompanying appendices. Copies of the Merger Agreement, the Articles of Incorporation of the Maryland corporation and the Bylaws of the Maryland corporation are attached as Appendices A, B, and C, respectively, to the Proxy Statement.

THE ENCLOSED PROXY IS SOLICITED BY THE BOARD OF DIRECTORS OF THE COMPANY, WHICH RECOMMENDS A VOTE FOR THE REINCORPORATION, A VOTE FOR THE ELECTION TO THE BOARD OF DIRECTORS OF EACH PERSON NAMED IN THE PROXY STATEMENT AND A VOTE FOR THE RATIFICATION OF KPMG LLP AS THE COMPANY'S INDEPENDENT AUDITORS.

YOUR VOTE IS IMPORTANT TO THE COMPANY. If you fail to return your proxy card or to vote, it has the same effect as a vote against the Reincorporation. Please complete, date and sign the enclosed proxy card and return it in the accompanying postage paid envelope, even if you plan to attend the Annual

Meeting. If you attend the Annual Meeting, you may, if you wish, withdraw your proxy and vote in person.

Sincerely,

/s/ Eugene W. Landy

Eugene W. Landy
President and Director

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

NOTICE OF THE ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD MAY 6, 2003

To the Stockholders:

NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders (the "Meeting") of Monmouth Real Estate Investment Corporation (the "Company") will be held at Juniper Business Plaza, 3499 Route 9 North, Suite 3-C, Freehold, New Jersey 07728, on May 6, 2003 2003, at 4:00 p.m. local time, for the following purposes:

1. To consider and vote on a proposal to reincorporate the Company as a Maryland corporation by the merger of the Company into a newly formed, wholly-owned subsidiary of the Company incorporated in Maryland;

2. To elect ten Directors, the names of whom are set forth in the accompanying proxy statement, to serve for the ensuing year;

3. To ratify the appointment of KPMG LLP as independent auditors for the Company for the fiscal year ending September 30, 2003; and

4. To transact such other business as may properly come before the Meeting or any adjournment thereof.

Only stockholders of record at the close of business on March 25, 2003 are entitled to receive notice of and to vote at the Meeting or any adjournments thereof. A complete list of stockholders entitled to vote at the Meeting will be open for inspection by any stockholder for any purposes germane to the Meeting for ten days prior to the Meeting during ordinary business hours at the principal office of the Company, Juniper Business Plaza, 3499 Route 9 North, Suite 3-C, Freehold, New Jersey 07728.

The Company's board of directors would like to have as many stockholders as possible present or represented at the Meeting. **If you are unable to attend in person, please vote, sign, date and return your enclosed proxy card promptly in the enclosed envelope.**

By Order of the Board of Directors

/s/ EUGENE W. LANDY

EUGENE W. LANDY

President and Director

DATED: April 7, 2003

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

PROXY STATEMENT
FOR
THE ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD MAY 6, 2003

The following information is furnished in connection with the Annual Meeting of the Stockholders of Monmouth Real Estate Investment Corporation (the "Company") to be held on Tuesday, May 6, 2003, at 4:00 p.m. local time, at the Company's principal executive offices located at Juniper Business Plaza, 3499 Route 9 North, Suite 3-C, Freehold, New Jersey 07728 (the "Meeting"). Additional copies of the Notice, Proxy Statement and form of proxy may be obtained by writing to the Company's Secretary, at Juniper Business Plaza, 3499 Route 9 North, Suite 3-C, Freehold, New Jersey 07728 or by calling the Company's secretary at 732-577-9997. This Proxy Statement and the accompanying proxy card will first be sent on or about April 7, 2003.

SOLICITATION AND REVOCATION OF PROXIES

Any stockholder giving the accompanying proxy has the power to revoke it at any time before it is exercised at the 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 stockholder. Unless the stockholder specifies otherwise, such proxies will be voted FOR the proposals set forth in the Notice of Meeting.

The Company is soliciting proxies pursuant to this Proxy Statement, and the cost of soliciting the proxies on the enclosed form will be paid by the Company. In addition to the use of the mails, proxies may be solicited by the directors and their agents (who will receive no additional compensation therefor) by means of personal interview, telephone, facsimile or otherwise, and it is anticipated that banks, brokerage houses and other institutions, nominees or fiduciaries will be requested to forward the soliciting material to their principals and to obtain authorization for the execution of proxies. The Company may, upon request, reimburse banks, brokerage houses and other institutions, nominees and fiduciaries for their expenses in forwarding proxy material to their principals.

VOTING RIGHTS

Only record holders of shares of the Company's Class A common stock, $.01 par value per share ("Shares"), as of the close of business on March 25, 2003 are entitled to vote at the Meeting. As of the record date, there were issued and outstanding [_____] Shares, each Share being entitled to one vote. The presence at the Meeting, in person or by properly executed proxy, of a majority of the outstanding Shares is necessary to constitute a quorum. Proxies relating to "street name" Shares that are voted by brokers will be counted as Shares present for purposes of determining the presence of a quorum, but will not be treated as Shares having voted at the Meeting as to any proposal as to which the broker does not vote.

To be adopted, the Reincorporation (as defined below) must receive the affirmative vote of a majority of the Shares entitled to vote. Uninstructed Shares may not be voted on this matter. Therefore, for the purposes of this matter, abstentions and broker non-votes have the effect of negative votes. See "Reincorporation of the Company in Maryland - Vote Required; Board Recommendation." In addition, directors are elected by a plurality. For the purposes of this matter, abstentions and broker non-votes will not be taken into account in determining the outcome of the election. To ratify the appointment of KPMG LLP as the Company's independent auditors, the affirmative vote of the majority of the Shares present at the meeting and entitled to vote is necessary. Uninstructed Shares are entitled to vote on this matter. Therefore, for the purposes of this matter, abstentions have the effect of negative votes. With respect to any other business which may properly come before the Meeting and which may be submitted to a vote of the stockholders, proxies received by the Board will be voted in the discretion of the designated proxy holders.

PROPOSAL 1

REINCORPORATION OF THE COMPANY IN MARYLAND

General

The Company's board of directors has unanimously approved a proposal for the Company to change its state of incorporation from Delaware to Maryland (the "Reincorporation"). If approved by the Company's stockholders, the Reincorporation will be accomplished by the merger (the "Merger") of the Company with and into its wholly-owned subsidiary, MREIC Maryland, Inc., a Maryland corporation ("Monmouth Maryland"). As a result of the Merger, the Company's legal domicile will be changed from Delaware to Maryland but its name will remain the same. Also as a result of the Merger, the separate existence of the Company will cease and Monmouth Maryland, as the surviving corporation, will succeed to all the business, properties, assets and liabilities of the Company. The Reincorporation will not, however, change the business, management or location of the principal executive offices of the Company. The Company is currently qualified as a real estate investment trust ("REIT") under the Internal Revenue Code of 1986, as amended (the "Code"), and the Company intends to continue to operate in such a manner to maintain that qualification in the future. Monmouth Maryland was incorporated in Maryland on March 12, 2003, specifically for the purposes of the Reincorporation and has conducted no business and has no material assets or liabilities.

The number of directors comprising the board of directors of Monmouth Maryland will be ten initially, each of whom is currently a director of the Company. The President of Monmouth Maryland is currently the President of the Company. Stockholders should note that approval of the Reincorporation will constitute a ratification of all of the currently serving directors of Monmouth Maryland.

Upon the terms and subject to the conditions of the Agreement and Plan of Merger ("Merger Agreement") between the Company and Monmouth Maryland, at the effective time of the Merger (the "Effective Time"), each outstanding Share will be converted into one share of common stock, $.01 par value, of Monmouth Maryland (the "Maryland Common Stock"). In addition, at the Effective Time, each outstanding option to purchase Shares will continue outstanding as a right to purchase Shares of the Maryland Common Stock upon the same terms and conditions as immediately prior to the Effective Time.

Stockholders will not need to exchange their current certificates in connection with the Merger. The outstanding certificates representing Shares will evidence ownership of the equivalent number of shares of Maryland Common Stock following the Merger and stockholders should retain their existing certificates. Any share transfer occurring after the Reincorporation will result in the issuance of Monmouth Maryland certificates to the participants.

The Company's Shares are listed for trading on the Nasdaq Stock Market and trade under the symbol "MNRTA." At the Effective Time, this symbol will, without interruption, represent shares of Maryland Common Stock.

The Company's 1997 Stock Option Plan, as amended (the "Plan"), will be continued by Monmouth Maryland following the Reincorporation. Approval of the proposed Reincorporation will constitute approval of the adoption and assumption of the Plan by Monmouth Maryland.

Also at the Effective Time, the Company will be governed by the Maryland General Corporation Law (the "Maryland Code"), by the Articles of Incorporation of Monmouth Maryland (the "Maryland Charter") and by the Bylaws of Monmouth Maryland (the "Maryland Bylaws"), which will result in certain changes in the rights of stockholders and other matters related to the Company. The most significant changes are discussed in this Proxy Statement under the caption "Comparison of the Delaware Code, Delaware Charter and Delaware Bylaws to the Maryland Code, Maryland Charter and Maryland Bylaws." For additional details and complete information relating to these and other changes in the rights of stockholders, please review the Merger Agreement which is attached to this proxy statement as Appendix A, the Maryland Charter which is attached to this proxy statement as Appendix B and the Maryland Bylaws which are attached to this proxy statement as Appendix C. In addition, any stockholder wishing to inspect copies of the Company's Certificate of Incorporation, as amended (the "Delaware Charter"), and the Company's current Bylaws (the "Delaware Bylaws"), may obtain copies of these documents by sending a request to the President or Secretary of the Company at Juniper Business Plaza, 3499 Route 9 North, Suite 3-C, Freehold, New Jersey 07728.

The Company anticipates that the Merger will become effective as soon as reasonably practicable after stockholder approval. However, the Merger Agreement provides that the Merger may be abandoned or deferred prior to the Effective Time, either before or after

stockholder approval, if circumstances arise which, in the opinion of the board of directors of the Company or Monmouth Maryland, make the Merger inadvisable or its deferral advisable. In addition, the Merger Agreement may be amended at any time prior to the Effective Time, subject to certain conditions. In the event the Proposal is not adopted or the Merger is not consummated, the Company will continue to operate as a Delaware corporation, subject to Delaware's annual franchise tax and subject to the Delaware Charter and the Delaware Bylaws.

Reasons for the Merger

The board of directors recommends that the Company become a Maryland corporation subject to the statutes of Maryland rather than Delaware for several reasons. First, the board of directors is currently considering methods of attracting additional capital in order to enhance stockholder value. This additional capital may take the form of preferred securities, convertible preferred securities, or other hybrid securities depending on the market conditions at the time of issuance. Under Delaware law and the Company's current charter, to issue such securities the Company would have to call a special stockholders' meeting to amend its charter. With the time to prepare a proxy statement and to comply with applicable state corporate and federal securities laws, obtaining the necessary stockholder approval could take up to four months. This delay could cause the Company to miss the opportune time to market its securities. Under Maryland law and Monmouth Maryland's Charter, the board can authorize and issue any type of security negotiated with investors without the necessity of a stockholders' meeting. Therefore, being organized under Maryland law and being governed by the Maryland Charter will better enable the Company to raise capital without delay when market conditions are most favorable.

Second, by reincorporating in Maryland the Company will be able to eliminate its annual Delaware franchise tax expenses. The State of Delaware imposes franchise taxes on Delaware corporations based on alternative formulas involving either (i) the corporation's aggregate number of shares of authorized stock; or (ii) the corporation's capital structure as compared to its assets. A Delaware corporation may elect to be treated under the alternative that results in the lesser amount of franchise tax imposed on the corporation. The Company has always elected to be considered under the alternative formula which results in the lower franchise tax burden, however, that burden is still substantial relative to the state tax in Maryland.

For the years ended December 31, 2002, 2001 and 2000, the Company's Delaware franchise taxes were approximately $47,400, $40,800 and $32,200, respectively. Unlike Delaware, Maryland does not impose a franchise tax on a corporation incorporated under its laws. If the Company is reincorporated in Maryland, the only amount payable annually to Maryland as a result of being incorporated under its laws currently would be $100 to be paid in conjunction with Maryland's annual reporting requirements. This would result in the Company saving the entire amount paid for Delaware franchise taxes which historically has been in excess of $25,000. Some of the savings anticipated during fiscal 2003 by the Reincorporation may initially be offset by expenses associated with Reincorporation, such as filing, legal, printing and similar expenses.

Finally, the Maryland Charter and Maryland statutes will provide the Company with a greater ability to preserve its REIT status and to defend against an unsolicited takeover deemed not to be in the best interests of the stockholders. See "Comparison of the Delaware Code,

Delaware Charter and Delaware Bylaws to the Maryland Code, Maryland Charter and Maryland Bylaws - Certain Anti-Takeover Effects." The board of directors believes approximately half of the publicly traded REITs are organized under Maryland statutes, and therefore REIT investors are familiar with the Maryland statutes applicable to REITs and perceive them to be beneficial to the operation of a REIT.

Comparison of the Delaware Code, Delaware Charter and Delaware Bylaws to the Maryland Code, Maryland Charter and Maryland Bylaws

Although there are several differences between the Delaware General Corporation Law (the "Delaware Code") and the Maryland Code, the board of directors does not believe that these differences will have a significant impact on the Company's day-to-day operations. A summary of certain differences between provisions affecting holders of Shares under the Delaware Code, the Delaware Charter and the Delaware Bylaws and those affecting holders of Maryland Common Stock under the Maryland Code, the Maryland Charter and the Maryland Bylaws is set forth below. The identification of specific differences is not meant to indicate that other equally or more significant differences do not exist. This summary does not purport to be complete and is qualified in its entirety by reference to the Maryland Charter and Maryland Bylaws, (copies of which are attached to this proxy statement as Appendix B and Appendix C, respectively), the Delaware Charter and the Delaware Bylaws (which can be obtained from the President or the Secretary of the Company upon request), and to the Delaware Code and the Maryland Code. In the following discussion, the Company, a Delaware corporation, is also referred to as "Monmouth Delaware."

Authorized Capital Stock

The authorized capital stock of Monmouth Delaware consists of 20,000,000 shares of Class A common stock, $0.01 per share, and 100,000 shares of Class B common stock, $.01 per share.

The authorized capital stock of Monmouth Maryland consists of 25,000,000 shares, initially classified as 20,000,000 shares of Maryland Common Stock, and 5,000,000 shares of excess stock, par value $0.01 per share ("Maryland Excess Stock"). The Maryland Excess Stock is designed to protect Monmouth Maryland's status as a REIT under the Code. See "- REIT Related Restrictions." In general under the Delaware Code, any change in a corporation's capitalization, including any increase or decrease in the aggregate number of shares of stock or in the number of shares of stock of any class authorized for issuance must be approved by a majority of the shares of each class entitled to vote. Under the Maryland Code and the Maryland Charter, however, the board of directors of Monmouth Maryland has the power, without action by the stockholders, to increase or decrease the aggregate number of shares of stock or the number of shares of stock of any class that Monmouth Maryland has authority to issue. Also, the board of directors of Monmouth Maryland has the power to classify or reclassify any unissued capital stock including classification into a class or classes of preferred stock, preference stock, special stock or other stock and to divide or classify shares into one or more series of such class. The board of directors of Monmouth Maryland may exercise its power to increase the number of authorized shares or to reclassify any unissued shares in connection with a merger or acquisition, a future underwritten public offering or private placement or a potential hostile takeover.

Under the Delaware Code and the Delaware Charter, each share of Class A common stock and each share of Class B common stock is entitled to one vote. Under the Maryland Code and the Maryland Charter, each share of Maryland Common Stock is entitled to one vote on each matter submitted to stockholders and the Maryland Excess Stock has no voting rights.

Stockholder Meetings

The Delaware Bylaws provide that an annual meeting of stockholders will be held after delivery of the annual report for the prior fiscal year and within 7 months of the end of the prior fiscal year on a date and at a time and place determined by Monmouth Delaware's board of directors. The Maryland Bylaws provide that the annual meeting of stockholders of Monmouth Maryland will be held at the time and on the date during the month of April as set by the board of directors of Monmouth Maryland. Both the Delaware Bylaws and the Maryland Bylaws provide that the presence in person or by proxy of a majority of all votes entitled to be cast constitutes a quorum at stockholder meetings.

Under the Delaware Code, special meetings of stockholders may be called by the board of directors of a Delaware corporation or by such other person or persons as may be authorized by its certificate of incorporation or bylaws. Stockholders of a Delaware corporation may not force a special meeting unless specifically provided for in the corporation's certificate of incorporation or bylaws. Under the Delaware Charter a special meeting of the stockholders can be called by the President, a majority of the board of directors or by the holders of a majority of the outstanding shares entitled to vote in the election of directors.

Under the Maryland Code, special meetings of stockholders may be called by a corporation's board of directors, its president, such other persons as the charter or bylaws provide, and the holders of shares entitled to cast 25% of the votes at the special meeting (or such other percentage not greater than a majority as is specified in the charter or bylaws). The Maryland Bylaws provide that special meetings may be called by the Chairman of the Board of Monmouth Maryland, by the President of Monmouth Maryland or by a majority of its board of directors, and must be called by its secretary upon the written request of holders of shares entitled to cast at least a majority of all votes entitled to be cast at such special meeting. A request by stockholders must state the purpose of the meeting and the matters proposed to be acted upon at the meeting. Further, stockholders requesting the special meeting must pay the estimated costs of preparing and mailing the notice of the special meeting. The board of directors has the sole power to fix the date, place and time of the special meeting.

Preemptive Rights

Under the Delaware Code and the Maryland Code, stockholders have preemptive rights to purchase shares only if the certificate of incorporation so provides. Neither the Delaware Charter nor the Maryland Charter provides stockholders with preemptive rights.

Stockholder Action by Written Consent

The Delaware Code provides that, unless the articles state otherwise, a corporation can take action with respect to a matter if written consents are executed by those stockholders owning that number of shares that would be required to take the same action at a meeting of

stockholders at which all stockholders were present. The Delaware Charter, however, provides that no action may be taken by written consent without a meeting of the stockholders. Under the Maryland Code, stockholder action may be taken without a meeting only if all stockholders entitled to vote on the matter consent in writing to the action proposed to be taken.

Advance Notice Provisions

The Delaware Bylaws contain no advance notice provisions requiring advance notice of nominations of persons for election to the board of directors or proposals of business to be conducted at an annual or special meeting. The Maryland Bylaws, however, state that nominations of persons for election to the board of directors and the proposal of business at an annual meeting of stockholders may only be made (i) pursuant to the corporation's notice of meeting; (ii) by or at the direction of the corporation's board of directors; or (iii) by a stockholder entitled to vote at the meeting who complies with the advance notice requirements of the Maryland Bylaws.

Pursuant to the Maryland Bylaws, a stockholder seeking to nominate persons for election to the board of directors or propose other business to be conducted at an annual meeting of stockholders or to nominate persons for election of directors at any special meeting of stockholders called for the purpose of electing directors must provide the required notice to the Secretary of Monmouth Maryland (i) in the case of an annual meeting, generally not less than 90 days nor more than 120 days prior to the first anniversary of the mailing of the notice for the preceding year's annual meeting and (ii) in the case of a special meeting for the purpose of electing directors, not earlier than the 120th day prior to such special meeting and not later than the later of the 90th day prior to such special meeting or the 10th day following the day on which public disclosure was made of the date of the special meeting. The notice must contain (i)(a) in respect of proposed nominees for election to the board of directors, all information required to be disclosed in connection with solicitations of proxies pursuant to Regulation 14A of the Securities Exchange Act of 1934 (the "Exchange Act") as to each proposed nominee and (b) in respect of proposed other business at an annual meeting of stockholders, a description of the proposed business and the reasons for conducting it at an annual meeting and (ii) as to the stockholder providing the notice, (a) the stockholder's name and address, class and number of shares; (b) in the case of a nomination for election to the board, a description of all arrangements or understandings between the stockholder and the proposed nominee; (c) in the case of proposed other business, a description of arrangements or understandings between the stockholder and any other persons in connection with the proposed other business; (d) a representation that the stockholder intends to appear in person at the meeting; and (e) any other information concerning the stockholder as would be required to be included in a proxy statement pursuant to Regulation 14A of the Exchange Act. In the case of a proposed nominee for election to the board, such notice shall also be accompanied by a written consent of each proposed nominee to be named as a nominee and to serve as a director if elected. In addition, the stockholder providing such notice must be a stockholder of record at the time notice is given, on the record date for determining stockholders entitled to vote and on the meeting date.

These provisions should not be confused with the rules governing the right of a stockholder to submit a proposal for inclusion in management's proxy statement. Those rules

---

are set forth in the SEC's proxy rules and are applicable to all corporations (including Monmouth Maryland), wherever organized, that are subject to the proxy rules.

Size and Composition of the Board

Under the Delaware Code, the number of directors is fixed by, or in the manner provided in, a corporation's bylaws unless its certificate of incorporation fixes the number of directors, in which case any change in the

number of directors must be made by amendment to the certificate. A corporation must have at least one director. The Delaware Charter does not provide for a specific number of directors. The Delaware Bylaws, however, state that the board of directors must consist of at least three and not more than 15 members and give the board the power to change the number of directors at any time within these limits. The Monmouth Delaware board is currently comprised of 10 directors.

Under the Maryland Code, a corporation must have at least one director at all times. Subject to this provision, a corporation's bylaws may alter the number of directors and authorize a majority of the entire board of directors to alter within specified limits the number of directors set by the corporation's charter or bylaws. The Monmouth Maryland board is currently comprised of 10 directors. The Maryland Bylaws provide that Monmouth Maryland's board of directors may alter the number of directors to a number not less than three or more than 15. In addition to any requirements imposed by the Nasdaq Stock Market and the Securities and Exchange Commission, the Maryland Charter requires at least three directors to be independent as defined by Section 3-802 of the Maryland Code.

Classified Board of Directors

The Delaware Charter does not provide for a staggered board of directors. The Maryland Charter, however, provides that the members of the board of directors shall be divided, as evenly as possible, into three classes, with approximately one-third of the directors elected by the stockholders annually. Each director is to serve for a three year term or until his or her successor is duly elected and has qualified. Consequently, members of the boards of directors of Monmouth Maryland will serve staggered three-year terms.

Set forth below are the names of the directors of Monmouth Maryland and the term of office for each of such persons. All such individuals presently serve as directors of Monmouth Delaware. By voting in favor of the Reincorporation, Monmouth Delaware's stockholders will be deemed to have approved of such persons as directors of Monmouth Maryland without further action and without changes in the classes or terms.

Name	**Term to Expire**
Ernest V. Bencivenga	2004
Anna T. Chew	2006
Daniel D. Cronheim	2004

Matthew I. Hirsch	2005
Charles P. Kaempffer	2005
Eugene W. Landy	2006
Samuel A. Landy	2006
Cynthia J. Morgenstern	2005
John R. Sampson	2004
Peter J. Weidhorn	2006

Cumulative Voting

Both the Delaware Code and the Maryland Code permit a corporation to provide for cumulative voting in its charter. Neither the Delaware Charter nor the Maryland Charter provides for cumulative voting.

Removal of Directors

The Delaware Charter provides that directors may be removed only for cause by a vote of the majority of the outstanding Shares then entitled to vote generally in the election of directors. The Maryland Charter provides that directors may be removed only for cause by a vote of at least two-thirds of the votes entitled to be cast generally in the election of directors.

Filling Vacancies

Under the Delaware Charter, vacancies on the board of directors are filled by the remaining directors. The Delaware Code also provides that in cases where a director is elected by the board of directors, rather than the stockholders, in order to fill a vacancy on the board, the newly elected director will serve until the term of that directorship normally expires. Under the Maryland Charter, vacancies on the board of directors are filled by the remaining directors and the newly elected director serves until the term of that directorship normally expires.

Standard of Conduct for Directors

The standards of conduct for directors of a Delaware corporation have developed through written opinions of the Delaware courts in cases decided by them. Generally, directors of Delaware corporations are subject to a duty of loyalty, a duty of care and a duty of candor to the stockholders. The duty of loyalty requires directors to refrain from self-dealing. According to the Delaware Supreme Court, the duty of care requires "directors ... in managing the corporate affairs ... to use that amount of care which ordinarily careful and prudent men would use in similar circumstances" and the duty of candor requires directors "to disclose fully and fairly all material information within the board's control when it seeks stockholder action."

Under Maryland law, the standard of conduct for directors is set forth in Section 2-405.1(a) of the Maryland Code, which requires a director of a Maryland corporation to perform his or her duties in "good faith" in a manner that he or she "reasonably believes to be in the best interests of the corporation" and with the care of an "ordinarily prudent person in a like position under similar circumstances."

Limitation of Personal Liability of Directors and Officers

Both the Delaware Code and Maryland Code permit the governing documents of a corporation to contain provisions limiting personal liability of directors to the corporation or its stockholders for money damages. In addition, the Maryland Code permits the charter to limit officers' personal liability as well. The Delaware Code does not permit limitation of officers' personal liability.

The Delaware Charter limits the personal liability of each director to the fullest extent permitted by Delaware law except that, as required by the Delaware Code, liability of directors is not limited (i) for any breach of a director's duty of loyalty to Monmouth Delaware or its stockholders; (ii) for acts or omissions not in good faith or which involve intentional misconduct or knowing violation of law; (iii) under Title 8, Section 174 of the Delaware Code (dealing with willful or negligent violation of certain statutory provisions concerning dividends and stock purchases or redemptions); and (iv) for any transaction from which the director derived an improper personal benefit.

The Maryland Charter also contains provisions which limit the personal liability of directors to the fullest extent permitted by Maryland law. In addition, as permitted by Maryland law, the Maryland Charter also limits the personal liability of officers to the same extent as that afforded directors. The Maryland Code, however, does not permit limitation of personal liability of directors or officers (i) for the amount of any improper benefit they actually receive or (ii) to the extent active and deliberate dishonesty on the part of the director or officer is established by a final judgment as being material to such cause of action.

Indemnification of Directors and Officers

The Delaware Code and the Maryland Code each specify certain circumstances when a corporation must, and other circumstances when it may, indemnify its officers, directors, employees and agents against legal expenses and liabilities.

The Delaware Code provides that a corporation may indemnify any person made a party or threatened to be made a party to any type of proceeding, other than an action by or in the right of the corporation, because he or she is or was an officer, director, employee or agent of the corporation or was serving at the request of the corporation as a director, officer, employee or agent of the corporation or was serving at the request of the corporation as a director, officer, employee or agent of another corporation or entity, against expenses, judgments, fines and amounts paid in settlement actually and reasonably incurred in connection with such proceeding: (i) if he or she acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the corporation; and (ii) in the case of a criminal proceeding he or she had no reasonable cause to believe that his or her conduct was unlawful.

A Delaware corporation may indemnify any person made a party or threatened to be made a party to any threatened, pending or completed action or suit brought by or in the right of the corporation because he or she is or was an officer, director, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation or other entity, against expenses actually and reasonably incurred in connection with such action or suit (i) if he or she acted in good faith and (ii) in a manner he or she reasonably believed to be in or not opposed to the best interests of the corporation, except that no indemnification shall be made if the person is found liable to the corporation unless, in such a case, the court determines the person is entitled to such indemnification.

A Delaware corporation is required to indemnify a director or officer who successfully defends himself or herself in a proceeding to which he or she was a party by reason of the person's service in that capacity against expenses actually and reasonably incurred by him or her. Expenses incurred by an officer or director, or other employee or agent, as deemed appropriate by the board of directors, in defending a civil or criminal proceeding may be paid by the corporation in advance of the final disposition of such proceeding upon receipt of an undertaking by or on behalf of such director or officer to repay such amount if it is ultimately determined that he or she is not entitled to be indemnified by the corporation.

As a condition to advancing expenses to a director or officer who is a party to a proceeding, Delaware law requires Monmouth Delaware to obtain an undertaking by or on behalf of such director or officer to repay such amount if

it is ultimately determined that such person is not entitled to indemnification.

The Delaware Bylaws provide that each director, officer, employee and agent of Monmouth Delaware shall be indemnified by Monmouth Delaware if such person acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of Monmouth Delaware, and, with respect to any criminal proceeding, had no reasonable cause to believe that his or her conduct was unlawful. The Delaware Bylaws also provide that Monmouth Delaware may maintain insurance to protect itself and any director, officer, employee or agent against expense, liability or loss, whether or not Monmouth Delaware would have the power to indemnify such person against such expense, liability or loss under the Delaware Bylaws.

The Maryland Code requires a corporation, unless its charter provides otherwise, which the Maryland Charter does not, to indemnify a director or officer who has been successful, on the merits or otherwise, in the defense of any proceeding to which the person is made a party by reason of his or her service in that capacity. The Maryland Code permits a corporation to indemnify its present and former directors and officers, among others, in connection with any proceeding to which they may be made a party by reason of their service in those or other capacities unless it is established that: (i) the act or omission of the director or officer was material to the matter giving rise to the proceeding and was committed in bad faith or was the result of active and deliberate dishonesty; (ii) the director or officer actually received an improper personal benefit in money, property or services; or (iii) in the case of any criminal proceeding, the director or officer had reasonable cause to believe that the act or omission was unlawful.

The indemnity may cover judgments, penalties, fines, settlements and reasonable expenses actually incurred by the director or officer in connection with the proceeding; provided, however, that if the proceeding is one by or in the right of the Maryland corporation, indemnification is not permitted with respect to any proceeding in which the director or officer has been adjudged to be liable to the corporation. In addition, a director or officer of a Maryland corporation may not be indemnified with respect to any proceeding charging improper personal benefit to the director or officer in which the director or officer was adjudged to be liable on the basis that personal benefit was improperly received. The termination of any proceeding by conviction or upon a plea of nolo contendere or its equivalent or an entry of an order of probation prior to judgment creates a rebuttable presumption that the director or officer did not meet the requisite standard of conduct required for permitted indemnification. The termination of any proceeding by judgment, order or settlement, however, does not create a presumption that the director or officer did not meet the requisite standard of conduct for permitted indemnification.

As a condition to advancing expenses to a director or officer who is a party to a proceeding, Maryland law requires Monmouth Maryland to obtain a written affirmation from the director or officer of his or her good faith belief that he or she has met the standard of conduct necessary for indemnification by Monmouth Maryland and a written statement by or on his or her behalf to repay the amount paid or reimbursed by Monmouth Maryland if it is ultimately determined that the standard of conduct was not met.

The Maryland Charter provides that, to the fullest extent permitted by Maryland law, Monmouth Maryland will indemnify and advance expenses to a director or officer of Monmouth Maryland. The Maryland Charter also provides that Monmouth Maryland may indemnify other employees and agents to the extent authorized by Monmouth Maryland's board of directors or the Maryland Bylaws. The

Maryland Bylaws do not authorize any such indemnification for non-director, non-officer employees or agents. The Maryland Bylaws also provide that Monmouth Maryland may maintain insurance to protect any director or officer against expense, liability or loss, whether or not Monmouth Maryland would have the power to indemnify such person against such expense, liability or loss under the Maryland Bylaws.

Dividends

Both the Delaware Code and the Maryland Code provide that a corporation may pay dividends to its stockholders from time to time as authorized by the board of directors. The Delaware Code permits the payment of dividends out of a corporation's surplus or, if there is no surplus, out of net profits for the current or preceding fiscal year. No dividends may be declared, however, if the capital of the corporation has been diminished to an amount less than the aggregate amount of capital represented by issued and outstanding stock having a preference in distribution. The Delaware Code also provides that the directors of a corporation may set apart out of any of the funds of the corporation available for dividends a reserve or reserves for any proper purpose or may abolish any such reserve.

The Maryland Code states that no dividend or other distribution may be made if, after giving effect to the distribution, (i) the corporation would not be able to pay its debts as they become due in the usual course of business or (ii) the corporation's total assets would be less than the sum of the corporation's total liabilities plus, unless the corporation's charter provides

otherwise, which the Maryland Charter does not, the amounts payable to stockholders having preferential rights to assets in the event of dissolution of the corporation. The Maryland Bylaws provide that, before payment of any dividends, there may be set aside out of any funds of the corporation available for dividends or other distributions such sum or sums as the board of directors may from time to time, in its absolute discretion, determine proper as a reserve fund for contingencies, for equalizing dividends or other distributions, for repairing or maintaining any property of the corporation or for such other purpose as the board of directors shall determine to be in the best interest of the corporation, and the board of directors may modify or abolish any such reserve.

Charter Amendments

The Delaware Code provides that an amendment to a certificate of incorporation may be adopted by a resolution of the board of directors and approved by the stockholders. Unless a higher vote is required by the certificate of incorporation, an amendment to a certificate of incorporation may be approved by a majority of the votes of each class entitled to vote. The Delaware Charter generally provides that the Company reserves the right to amend or repeal any provision in the Delaware Charter in the manner provided by Delaware law. However, provisions concerning directors, the removal of directors, actions of stockholders, special stockholder meetings, transfer restrictions and redemption of shares, the bylaws, and business combinations may not be amended, repealed or rescinded except by a vote of stockholders of not less than 70% of the shares entitled to vote in the election of directors; provided, however, that the foregoing does not apply if the amendment is approved by the board of directors and by a majority of all continuing directors.

In general under the Maryland Code, amendments to a corporation's articles of incorporation must be approved by the board of directors and by the stockholders by the vote of at least two-thirds of the votes entitled to vote thereon. Under the Maryland Code, certain charter amendments may be effected solely by the board of directors, such as an amendment changing the name of a corporation or an amendment increasing or decreasing the number of authorized shares of stock (see "- Authorized Capital Stock").

Amendments to Bylaws

The Delaware Charter provides that Monmouth Delaware's board has the power to amend, adopt or repeal the Delaware Bylaws to the extent the board deems necessary to comply with the REIT provisions of the Code, or to the extent such authority is expressly granted to the board of directors by the Delaware Bylaws. Pursuant to the Delaware Code, the fact that the Delaware Bylaws give the board such power does not divest or limit the stockholders' power to adopt, amend or rescind the Delaware Bylaws. The Maryland Charter and the Maryland Bylaws provide that the Maryland Bylaws may be amended or repealed, and new bylaws adopted, only by the board of directors of Monmouth Maryland.

Inspection of Books and Records

Under the Delaware Code, any stockholder may submit a written demand to inspect and copy a corporation's stock ledger, a list of its stockholders and its other books and records. The

written demand must state the purpose for inspection which is reasonably related to the demanding stockholder's interest as a stockholder.

Under the Maryland Code, any person or group of persons who has been a stockholder of record for a minimum of six months and who owns, individually or collectively, at least 5% of a corporation's outstanding shares has a right to (i) inspect the corporation's books of account and stock ledger; (ii) present to any officer or resident agent of the corporation a written request for a statement of its affairs; and (iii) in the case of any corporation that does not maintain the original or a duplicate stock ledger at its principal office, present to any officer or resident agent of the corporation a written request for a list of its stockholders. Additionally, under the Maryland Code, any stockholder may inspect and copy, during usual business hours, the corporation's bylaws, minutes of the proceedings of stockholders, annual statements of affairs and any voting trust agreements on file at the corporation's principal office and has the right to request the corporation to provide a sworn statement showing all securities issued and all consideration received by the corporation for such securities within the preceding 12 months.

Appraisal Rights

Under both Delaware and Maryland law, stockholders in certain circumstances have the right to dissent from certain corporate transactions and to receive an appraisal of the value of their shares, provided that statutory procedures are followed. As permitted by Maryland law, however, the Maryland Charter provides that stockholders do not have dissenters' rights of appraisal, unless a majority of the entire board of directors determines otherwise. The Reincorporation does not trigger any appraisal rights. See "- Dissenting Stockholders' Rights of Appraisal."

In cases where appraisal rights are available, both the Delaware Code and the Maryland Code provide that a stockholder exercising his or her right to

dissent may demand payment in cash for his or her shares equal to their fair value, excluding any appreciation or depreciation in anticipation of the transaction (although under the Maryland Code such appreciation or depreciation may be included in determining fair value if its exclusion would be inequitable). Under the Delaware Code, fair value is determined by the Court of Chancery. Under the Maryland Code, fair value is determined by agreement with the corporation or, if an agreement cannot be reached, by an appropriate court upon the petition of the surviving corporation or the dissenting stockholder.

Under the Delaware Code, appraisal rights to stockholders are available only in a merger or consolidation and only to stockholders who have not voted in favor of the merger or consolidation. The stockholder must also file a written demand for appraisal prior to the stockholder vote on the merger or consolidation. Under the Delaware Code, appraisal rights are not available in respect to transactions involving the sale, lease, exchange or other disposition of all or substantially all of a corporation's assets nor amendments to the certificate of incorporation. If a majority of the board decides to grant appraisal rights in a particular transaction, the Maryland Code provides that stockholders are entitled to appraisal rights in connection with (i) a merger or consolidation; (ii) a share exchange; (iii) a transfer of assets requiring stockholder approvals; (iv) a business combination governed by Section 3-602 of the Maryland Code (see "- Business Combination Statutes"); (v) an amendment to the charter that

alters the contract rights of any outstanding stock and substantially adversely affects stockholder rights if the right to do so is not reserved in the charter. These rights are available only when the stockholder files a timely written objection to the transaction, does not vote in favor of the transaction and makes demand on the successor within 20 days for payment for his or her stock.

Under the Delaware Code, there are no appraisal rights for shares which, at the record date for the meeting at which a merger or consolidation is to be approved, are listed on a national securities exchange or are held of record by more than 2,000 stockholders, except that appraisal rights are available if the merger or consolidation agreement requires that stockholders receive anything other than (i) shares of stock of the corporation surviving or resulting from such merger or consolidation; (ii) shares of stock of any other corporation that at the effective date of the merger or consolidation will be either listed on a national securities exchange or held of record by more than 2,000 stockholders; (iii) cash in lieu of fractional shares of the corporations described in the foregoing clauses (i) and (ii); or (iv) any combination of (i), (ii) and (iii). Additionally, appraisal rights are not generally available in respect of mergers effected pursuant to Section 253 of the Delaware Code (concerning mergers with a subsidiary, at least 90% of which is owned by the parent). See "- Dissenting Stockholders' Rights of Appraisal."

Under the Maryland Code, there are no appraisal rights if (i) the stock is listed on a national securities exchange or is designated as a national market system security on an interdealer quotation system by the National Association of Securities Dealers, Inc.; (ii) the stock in question is that of the successor in the merger, unless the merger alters the contract rights of the stock as expressly set forth in the charter and the charter does not reserve the right to do so, or the stock is to be changed or converted in whole or in part in the merger into something other than either stock in the successor, cash, scrip or other rights or interests arising out of provisions for the treatment of fractional shares of stock in the successor; (iii) the stock is not entitled to vote on the transaction; (iv) the charter provides the stockholders are not entitled to appraisal rights; or (iv) the stock is that of an open-end

investment company registered under the Investment Company Act of 1940, as amended, and the value placed on the stock in the transaction is its net asset value.

Extraordinary Transactions

Under the Delaware Code, unless otherwise provided in a corporation's certificate of incorporation and except for certain business combinations with interested stockholders which are prohibited and subjected to certain super majority voting requirements (see "- Business Combination Statutes"), a sale or disposition of all or substantially all of a corporation's assets, a merger or consolidation of the corporation with another corporation or a dissolution of the corporation generally requires the affirmative vote of the board of directors plus, with certain exceptions, the affirmative vote of a majority of the outstanding stock entitled to vote thereon.

Under the Maryland Code, unless the charter provides otherwise, a sale, lease, transfer or exchange of all or substantially all of a corporation's assets not in the ordinary course of business or a merger, consolidation or share exchange involving the corporation generally requires approval by a two-thirds vote of the shares of the corporation entitled to vote thereon. In addition, Subtitle 6 of the Maryland Code prohibits certain business combinations with interested

stockholders and imposes certain super majority voting requirements in respect of certain business combinations with interested stockholders. See "- Business Combination Statutes."

Business Combination Statutes

Both the Delaware Code and the Maryland Code contain business combination statutes that contain certain prohibitions and super majority voting requirements for certain business combinations with interested stockholders. Both statutes have anti-takeover effects; however, the Maryland statute is more restrictive than the Delaware statute in terms of its anti-takeover effects. Both are discussed below.

Under the Delaware Code, an "interested stockholder" (defined generally as a person owning 15% or more of a corporation's outstanding voting stock) is prohibited from engaging in a "business combination" with a Delaware corporation for three years following the date such person became an interested stockholder. The term "business combination" includes among other things, a merger, consolidation, sale of assets or share exchange. The three-year moratorium may be avoided if: (i) before such person became an interested stockholder, the board of directors of the corporation approved either the business combination or the transaction in which the interested stockholder became an interested stockholder; (ii) upon consummation of the transaction which resulted in the stockholder becoming an interested stockholder, the stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, excluding shares held by directors who are also officers of the corporation and by employee stock ownership plans that do not provide employees with the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; or (iii) on or following the date on which such person became an interested stockholder, the business combination is approved by the board of directors of the corporation and authorized at an annual or special meeting of stockholders (not by written consent) by the affirmative vote of the stockholders of at least 66 2/3% of the outstanding voting stock of the corporation not owned by the interested

stockholder.

The business combination restrictions described above will not apply to a Delaware corporation if, among other things, (i) the corporation's original certificate of incorporation contains a provision expressly electing not to be governed by the statute; (ii) the corporation by action of the holders of a majority of the voting stock of the corporation approves an amendment to its certificate of incorporation or bylaws expressly electing not to be governed by the statute, which amendment will not be applicable to any business combination with a person who was an interested stockholder at or prior to the time of the amendment; or (iii) the corporation does not have a class of voting stock that is (a) listed on a national securities exchange, (b) authorized for quotation on an interdealer quotation system of the National Association of Securities Dealers, Inc. or a similar quotation system; or (c) held of record by more than 2,000 stockholders (unless an interested stockholder transaction prompted any of the foregoing results). These provisions of the Delaware Code also do not apply to business combinations with an interested stockholder when such combination is proposed after the public announcement of, and before the consummation or abandonment of a merger or consolidation, a sale of 50% or more of the aggregate market value of the assets of the corporation on a consolidated basis or the aggregate market value of all outstanding shares of the corporation, or a tender offer for 50% or more of the outstanding voting shares of the corporation, if the triggering transaction is with or by a

person who either was not an interested stockholder during the previous three years or who became an interested stockholder with the approval of the board, and if the transaction is approved or not opposed by a majority of the current directors who were also directors prior to any person becoming an interested stockholder during the previous three years.

In addition to the Delaware Code, the Delaware Charter contains provisions that govern business transactions with related persons. The Delaware Charter generally provides, with certain exceptions, that the affirmative vote of 70% of the shares entitled to vote in the election of directors is required for certain business combinations with certain related persons. However, the affirmative vote of 70% of the shares entitled to vote in the election of directors is not required if the business combination is expressly approved by both the board of directors and a majority of all continuing directors or the business combination involves cash or other consideration being received by the stockholders and certain fair market value conditions are met. Further, a majority of the continuing directors has the power to determine whether a person, voting stock, assets or series of transactions meet the criteria of a business combination as defined in the Delaware Charter.

The Maryland Code prohibits, with certain exceptions, certain "business combinations" (including a merger, consolidation, share exchange or, in certain circumstances, an asset transfer or issuance or reclassification of equity securities) between a Maryland corporation and an "interested stockholder." Interested stockholders (i) are persons who beneficially own 10% or more of the voting power of the corporation's shares or (ii) are affiliates or associates of the corporation who, at any time within the two-year period prior to the date in question, were the beneficial owner of 10% or more of the voting power of the corporation's shares. Such business combinations are prohibited for 5 years after the most recent date on which the interested stockholder became an interested stockholder. Thereafter, any such business combination must be recommended by the board of directors of the corporation and approved by the affirmative vote of at least (i) 80% of the votes entitled to be cast by holders of outstanding voting shares of the corporation and (ii) 66 2/3% of the votes

entitled to be cast by holders of outstanding voting shares of the corporation other than shares held by the interested stockholder or an affiliate or associate of the interested stockholder with whom the business combination is to be effected, unless, among other things, the corporation's stockholders receive a minimum price for their shares and the consideration is received in cash or in the same form as previously paid by the interested stockholder for its shares. These provisions of the Maryland Code do not apply, however, to business combinations that are approved or exempted by the board of directors of the corporation prior to the time that the interested stockholder becomes an interested stockholder. The Maryland Charter expressly adopts the business combination provisions of the Maryland Code, but explicitly states that these provisions do not apply to any transaction with United Mobile Homes, Inc. or Monmouth Capital Corporation, which are affiliates of Monmouth Maryland.

Control Share Statute

The Maryland Code provides that, with certain exceptions, "control shares" of a corporation acquired in a "control share acquisition" have no voting rights except to the extent approved by the affirmative vote of two-thirds of the stockholders, excluding shares of stock owned by the acquiring person or by officers or directors who are employees of the corporation.

"Control shares" are shares of voting stock which, if aggregated with all other such shares previously acquired by such a person, would entitle the acquiring person to exercise voting power in electing directors within one of the following ranges of voting power: (i) 10% or more but less than 33 1/3%, (ii) 33 1/3% or more but less than a majority, or (iii) a majority or more of all voting power. Control shares do not include shares the acquiring person is then entitled to vote as a result of having previously obtained stockholder approval. A "control share acquisition" means, subject to certain exceptions, the acquisition of, ownership of or the power to direct the exercise of voting power with respect to, control shares.

A person who has made or proposes to make a control share acquisition, upon satisfaction of various conditions (including an undertaking to pay expenses), may compel the board of directors of the corporation to call a special meeting of stockholders to be held within 50 days of demand therefore to consider the voting rights of the shares. If no request for a meeting is made, the corporation may itself present the question at any stockholders' meeting.

If voting rights are not approved at the meeting or if the acquiring person does not deliver an acquiring person statement as required by the statute, then, subject to certain conditions and limitations, the corporation may redeem any or all of the control shares (except those for which voting rights have previously been approved) for fair value determined, without regard to voting rights, as of the date of the last control share acquisition or of any meeting of stockholders at which the voting rights of such shares are considered and not approved. If voting rights for control shares are approved at a stockholders' meeting and the acquiring person becomes entitled to vote a majority of the shares entitled to vote, all other stockholders may exercise appraisal rights. The fair value of the shares as determined for purposes of such appraisal rights may not be less than the highest price per share paid in the control share acquisition, and certain limitations and restrictions otherwise applicable to the exercise of dissenters' appraisal rights do not apply in the context of a control share acquisition.

The Maryland control share acquisition statute does not apply to stock

acquired in a merger, consolidation or stock exchange if the corporation is a party to the transaction, or to acquisitions previously approved or exempted by a provision in the charter or bylaws of the corporation adopted before the acquisition of stock.

As permitted under the Maryland Code, the Maryland Bylaws contain a provision opting out of the Maryland control share acquisition statute.

The Delaware Code contains no similar provisions regarding control shares.

Dissolution

Under the Delaware Code, a corporation may be dissolved if (i) the board of directors of the corporation, by resolution adopted by a majority of the entire board of directors at any meeting called for that purpose, deems such dissolution advisable and (ii) a majority of the outstanding stock of the corporation votes for the proposed dissolution at a stockholders meeting called for the purpose of acting upon such resolution. Dissolution of a corporation may also be authorized without action by the board of directors if all stockholders entitled to vote thereon shall consent in writing.

The Maryland Code permits the dissolution of a corporation if (i) the board of directors adopts by a majority vote of the entire board a resolution advising dissolution and (ii) the dissolution is approved by the affirmative vote of not less than two-thirds of all votes entitled to be cast on the matter.

Judicial Dissolution

Under both the Delaware Code and the Maryland Code, if a deadlock of the directors precludes corporate action, or if a division of the stockholders makes election of directors impossible, stockholders are permitted to seek a judicial dissolution. Under the Delaware Code, the Court of Chancery may appoint a custodian or receiver, while under the Maryland Code, a court of equity may grant a dissolution. Such action under the Delaware Code may be instituted by any stockholder. Under the Maryland Code, involuntary dissolution by judicial order may be sought only by stockholders entitled to cast at least 25% of the votes entitled to be cast in the election of directors. However, when the individuals in control of the corporation are alleged to be acting illegally, oppressively or fraudulently, or when the division among stockholders is so severe that for a period which includes two consecutive meeting dates the stockholders have failed to elect successors to directors whose terms should have expired, any stockholder entitled to vote in the election of directors may petition for dissolution.

Liquidation Rights

Under the Delaware Charter, the Class A common stock is entitled to all assets allocated to the holders of common stock in liquidation, generally, and the Class B stock has no rights to any assets upon liquidation. Under the Maryland Charter, the Maryland Common Stock and the Maryland Excess Stock are entitled to all of the assets of Monmouth Maryland upon liquidation, subject to any preferential rights granted to any capital stock of Monmouth Maryland.

Payment for Stock

The Delaware Code provides that future labor or services do not constitute payment for stock or convertible securities. The Maryland Code allows

a contract for future labor to constitute consideration for the issuance of stock.

REIT Related Restrictions

For the Company to qualify as a REIT under the Code, the Company must satisfy a number of statutory requirements, including a requirement that no more than 50% in value of its outstanding shares of stock may be owned, actually or constructively, by five or fewer individuals (as defined by the Code to include certain entities) during the last half of a taxable year (other than the first taxable year of REIT status). In addition, if the Company, or an actual or constructive owner of 10% or more of the Company, actually or constructively owns 10% or more of a tenant of the Company (or a tenant of any partnership in which the Company is a partner), the rent received by the Company (either directly or through any such partnership) from such tenant will not be qualifying income for purposes of the REIT gross income tests of the Code. The Company's capital stock must also be beneficially owned by 100 or more persons during at least 335 days of a taxable year of twelve months or during a proportionate part of a shorter taxable year.

Because the Company expects to qualify as a REIT, both the Delaware Charter and the Maryland Charter contain provisions, including stock transfer limitations, designated to protect the Company's status as a REIT. The Delaware Charter provides Monmouth Delaware with the power to prevent the transfer of Shares or to redeem a number of Shares at a price generally equal to the last reported sale price of the shares on the Nasdaq Stock Market on the last day prior to the redemption date, sufficient in the opinion of the board of directors to maintain or bring the stock ownership of Monmouth Delaware into conformity with the REIT provisions of the Code. The Company's board of directors has also passed a resolution stating that any transfer of Shares that results in a person owning, directly or indirectly, in excess of 9.8% of the outstanding Shares shall be void and of no effect.

The Maryland Charter likewise contains limitations to protect Monmouth Maryland's status as a REIT. Under the Maryland Charter, any person who acquires or attempts to acquire shares of Maryland Equity Stock (as defined in the Maryland Charter) in violation of the ownership limitations and transfer restrictions must give written notice to Monmouth Maryland. In addition, every stockholder of more than 5% of the number or value of outstanding Maryland Equity Stock must give written notice to Monmouth Maryland of the number of shares of Maryland Equity Stock beneficially or constructively owned. Under the Maryland Charter, if a transfer of the capital stock of Monmouth Maryland or a change in the capital structure of Monmouth Maryland would result in (i) any person (as defined in the Maryland Charter) directly or indirectly acquiring beneficial ownership of more than 9.8% of the capital stock of Monmouth Maryland; (ii) the outstanding capital stock of Monmouth Maryland being constructively or beneficially owned by fewer than 100 persons; or (iii) Monmouth Maryland being "closely held" within the meaning of Section 856 of the Code or otherwise failing to qualify as a REIT under the Code, then: (a) the board of directors of Monmouth Maryland may take any action it deems advisable to refuse to give effect to, or to prevent, such transfer; (b) any proposed transfer will be void ab initio and will not be recognized by Monmouth Maryland; (c) Monmouth Maryland will have the right to redeem the shares proposed to be transferred at a price equal to the lesser of the price per share paid in the transaction which created the violation and the last reported sales price on the Nasdaq Stock Market on the trading date immediately prior to the date Monmouth Maryland gives notice of redemption; and (d) the shares proposed to be transferred will be automatically converted into and exchanged for shares of a

separate class of stock, the Maryland Excess Stock, having no voting rights. Holders of Maryland Excess Stock do have certain rights in the event of any liquidation, dissolution or winding up of the corporation. The Maryland Charter further provides that the Maryland Excess Stock will be held by a trustee appointed by Monmouth Maryland in trust (i) for the person or persons to whom the shares are ultimately transferred, until such time as the shares are re-transferred to a person or persons in whose hands the shares would not be Maryland Excess Stock and certain price-related restrictions are satisfied and (ii) with respect to dividend rights (and rights to funds in excess of the amounts paid to the holder) for the benefit of a charitable beneficiary appointed by Monmouth Maryland. The board of directors of Monmouth Maryland may, in its sole and absolute discretion, exempt certain persons from the ownership limitations contained in the Maryland Charter if ownership of shares of Equity Stock by such persons would not disqualify Monmouth Maryland as a REIT under the Code.

Advisor

Under both the Delaware Bylaws and the Maryland Bylaws, the board of directors is authorized to appoint, employ or contract with an advisor to administer and regulate the operations of the Company, to act as agent for the Company, to execute documents on behalf of the Company and to make executive decisions conforming to the general policies and principals

established by the board of directors. The board of directors is authorized to determine the terms and compensation of the advisor. However, any determination to employ or contract with any advisor that is director or an affiliate of a director must be approved by a majority of the unaffiliated directors.

Certain Anti-Takeover Effects

The Delaware Charter currently contains provisions which may be viewed as having anti-takeover effects. For example, stockholders of the Company do not have cumulative voting rights in the election of directors. Further, under the Delaware Charter directors can only be removed for cause. The Delaware Charter also provides for a 70% stockholder vote to amend certain provisions of the Delaware Charter. The Company currently has authorized but unissued shares of its Class B common stock that could also be issued in such a way as to have anti-takeover effects.

The Maryland Charter and the Maryland Bylaws also contain provisions that may be deemed to have anti-takeover effects. For example, the Maryland Charter (i) does not allow for cumulative voting by stockholders; (ii) provides for a classified board of directors, and (iii) contains limitations on the amount of securities of Monmouth Maryland any person can own. In addition, the Maryland Bylaws contain provisions that (i) give the board of directors the exclusive power to fill vacancies on the board and provide that any director so appointed will serve for the remaining term of that directorship; (ii) give the board the exclusive power to determine the numbers of directors; (iii) require advance notice of any stockholder nominations for director and proposals of business by stockholders to be conducted at the meeting; (iv) limit stockholders' ability to call a special meeting; (v) give the board of directors the exclusive power to amend the Maryland Bylaws; (vi) require approval of two-thirds of the shares to remove directors for cause; (vii) require the board of directors to have at least three independent directors as defined by Section 3-802 of the Maryland Code to which allows Monmouth Maryland to opt into certain statutory anti-takeover provisions; and (viii) specifically opt-into the business combination provisions of the Maryland Code (with the exception that

such provisions do not apply to transactions with United Mobile Homes, Inc. or Monmouth Capital Corporation, which are affiliates of Monmouth Maryland). Additionally, the Maryland Charter provides that the board of directors may authorize additional shares of capital stock and may classify or reclassify only unissued capital stock, including classification into shares of preference stock, without stockholder action. Such stock could be issued in such a way as to have anti-takeover effects.

Anti-takeover provisions in the Delaware and Maryland statutes and in the corporate governance structure of both Monmouth Delaware and Monmouth Maryland can impede a hostile takeover and give the corporation's board of directors a stronger bargaining position and additional time to negotiate a better price or a better alternative transaction for stockholders, as opposed to either accepting or permitting by inaction a transaction based on the takeover terms proposed by the offeror. Such anti-takeover provisions may have the effect, however, of discouraging or frustrating offers that a number of stockholders would be willing to accept.

Federal Income Tax Consequences of the Reincorporation

The Reincorporation is intended to be tax-free under the Code. Accordingly, the Company believes that no gain or loss will be recognized by the holders of the Shares as a result of the Merger, that no gain or loss will be recognized by Monmouth Delaware or by Monmouth Maryland as a result of the Merger, and that Monmouth Maryland will succeed, without adjustment, to the tax attributes of Monmouth Delaware. The Company believes that each stockholder will have the same basis in the stock of Monmouth Maryland received in the Merger as in the Shares held immediately prior to the time the Merger becomes effective and the holding period of the stock of Monmouth Maryland will include the period during which the corresponding Shares were held; provided, however, that such corresponding Shares were held as a capital asset at the time of the effectiveness of the Merger. The Company has not obtained, and does not intend to obtain, a legal opinion or ruling from the Internal Revenue Service with respect to the tax consequences of the Reincorporation.

The Company believes that no gain or loss should be recognized by the holders of outstanding options to purchase Shares, so long as (i) such options (a) were originally issued in connection with the performance of services by the optionee and (b) lacked a readily ascertainable value (for example, were not actively traded on an established market) when originally granted and (ii) the options to purchase the Maryland Common Stock into which the Company's outstanding options will be converted in the Reincorporation also lack a readily ascertainable value when issued.

The foregoing is only a summary of certain federal income tax consequences. Stockholders and option holders should consult their own tax advisors as to the effect of the Merger on their ownership of Shares, including the affect under applicable state or local tax laws.

Accounting Treatment of the Merger

The Merger is expected to be characterized as and treated as if it were a "pooling of interests" (rather than a "purchase") for financial reporting and related purposes, with the result that the historical accounts of Monmouth Delaware will be combined for all periods and presented as the historical results of Monmouth Maryland.

Dissenting Stockholders' Rights of Appraisal

Pursuant to Section 253 of the Delaware Code, appraisal rights are generally not available to stockholders when two corporations merge if one of them owns at least 90% of the other's outstanding shares of each class of stock. Because the Company owns 100% of all outstanding shares of Monmouth Maryland and Monmouth Maryland is organized under the laws of Maryland, no appraisal rights are available in connection with the Merger.

Possible Disadvantages of the Reincorporation

Despite the belief of the board of directors that the Reincorporation is in the best interests of the Company and its stockholders, stockholders should be aware that many provisions in the Maryland Charter, the Maryland Bylaws and under Maryland Code have not yet received

extensive scrutiny and interpretation by the Maryland courts. The Delaware Code is widely regarded as the most extensive and well-defined body of corporate law in the United States. Because of Delaware's prominence as a state of incorporation for many major corporations, both the legislature and courts in Delaware have demonstrated an ability and willingness to act quickly and effectively to meet changing business needs. Furthermore, Delaware corporations are often guided by the extensive body of court decisions interpreting Delaware's corporate law. The board of directors, however, believes Maryland law will provide the Company with the comprehensive, flexible structure which it needs to operate effectively.

Vote Required; Board Recommendation

To be adopted the Reincorporation must receive the affirmative vote of the majority of the Shares entitled to vote. If you hold your Shares in "street name" through a broker or other nominee, your broker or nominee is not permitted to exercise voting discretion with respect to the Reincorporation. Therefore, your broker will not vote your Shares unless you provide instructions on how to vote. You should instruct your broker how to vote your Shares by following the directions your broker provides. If you do not provide instructions to your broker, your Shares will not be voted and this will have the same effect as a vote against the Proposal to approve the Reincorporation. Also, abstentions will have the effect of votes against the Reincorporation Proposal. The persons named as proxies in the accompanying proxy intend to vote in favor of the Reincorporation. A vote for the Reincorporation proposal will constitute (1) approval of the change in the Company's state of incorporation from Delaware to Maryland through a Merger of Monmouth Delaware into Monmouth Maryland, (2) approval of the Maryland Charter, (3) approval of the Maryland Bylaws, (4) ratification of all of Monmouth Maryland's directors, and (5) approval of all other aspects of the Reincorporation, including the adoption of the Plan by Monmouth Maryland and issuance of options to purchase shares of Monmouth Maryland common stock in exchange for options to purchase shares of Monmouth Delaware.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE "FOR" THE APPROVAL OF THE PROPOSAL TO REINCORPORATE THE COMPANY IN THE STATE OF MARYLAND.

PROPOSAL 2

ELECTION OF DIRECTORS

Ten persons have been nominated to serve on the board of directors of the Company. Your proxy will be voted for the election of the ten nominees named in this proxy statement, all of whom are members of the present board of directors, to serve for a one-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 ten 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 Meeting, the Delaware Bylaws provide that any such vacancy will be filled for the unexpired term by a majority vote of the remaining directors. The Company has no knowledge that any of the ten nominees will become unavailable for election.

Your proxy cannot be voted for a greater number of persons than the nominees named.

Some of the nominees for director are also officers of the Company and/or officers and/or directors of other companies, including Monmouth Capital Corporation and United Mobile Homes, Inc., both publicly-owned affiliates 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. 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.

Committees of the Board of Directors and Meeting Attendance

The board of directors had five meetings during the last fiscal year. No director attended fewer than 75% of the meetings of the entire board or of the committees on which he or she served.

The board of directors has a standing Audit Committee, Stock Option Committee and Compensation Committee. The Company does not have a standing Nominating Committee.

The Audit Committee, which recommends to the directors the independent public accountants to be engaged by the Company and reviews with management the Company's internal accounting procedures and controls, had two meetings, including telephone meetings, during the last fiscal year. Charles P. Kaempffer, Matthew I. Hirsch, and Peter Weidhorn, all of whom are outside directors, serve on the Audit Committee.

The Stock Option Committee, which administers the Company's 1997 Stock Option Plan, had one meeting during the last fiscal year. Daniel D. Cronheim, Matthew I. Hirsch, and John Sampson serve on the Stock Option Committee.

The Compensation Committee, which makes recommendations to the entire board of directors concerning executive compensation, had one meeting during the last fiscal year. Daniel D. Cronheim and Matthew I. Hirsch serve on the Compensation Committee.

Cronheim Management Services received the sum of $245,597 in fiscal 2002 for management fees. Effective August 1, 1998, the Company entered into a new management contract with Cronheim Management Services. Under this contract, Cronheim Management Services receives a management fee of 3% of gross rental income on certain of the Company's 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 from an unrelated third party.

Nominees for Directors

Nominee	Age	Present Position with the Company; Business Experience During Past Five Years; Other Directorships
Ernest V. Bencivenga	84	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.
Anna T. Chew	44	Controller (1991 to present) and Director. Certified Public Accountant; Controller (1991 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.
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.
Matthew I. Hirsch	43	Director. Attorney at Law (1985 to present); Adjunct Professor of Law (1993 to present), Widener University School of Law.
Charles P. Kaempffer	65	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.

Nominee	Age	Present Position with the Company; Business Experience During Past Five Years; Other Directorships
Eugene W. Landy	69	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.
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.
Cynthia J. Morgenstern	33	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.
John R. Sampson	48	Director. Senior Portfolio Manager (1998 to present) at Fox Asset Management, Inc., 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.
Peter J. Weidhorn	55	Director. Director (2000 to present) of Real Estate Management/Acquisitions at Kushner Companies, a company that develops, owns and manages commercial and residential real estate; Director (1994 to 1997) of Monmouth Capital Corporation, an affiliate of the Company; Chairman of the Board, President and Director (1998 to 2000) of WNY Group, Inc., a real estate investment trust; Director (2002 to present) of BNP Residential Properties, Inc., a real estate investment trust specializing in the ownership and operation of apartment communities; Director (2003 to present)

Nominees for Directors

Nominee	Age	Present Position with the Company; Business Experience During Past Five Years; Other Directorships
		Community Development Trust; Trustee of CentraState Healthcare Foundation; Treasurer and Trustee of the Union of

American Hebrew Congregations.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE "FOR" THE ELECTION TO THE BOARD OF DIRECTORS EACH PERSON NAMED ABOVE

3. RATIFICATION OF INDEPENDENT AUDITORS

The board of directors recommends approval of the ratification of the appointment of KPMG LLP as independent auditors for the Company for the year ending September 30, 2003. 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 Meeting either to make a statement or to respond to appropriate questions.

The ratification 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 stockholders will be asked to ratify the appointment at the next annual meeting.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE "FOR" THE RATIFICATION OF KPMG LLP AS THE COMPANY'S INDEPENDENT AUDITORS

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table lists information with respect to the beneficial ownership of the Company's Shares as of February 28, 2003 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 60 days of February 28, 2003 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 stockholders.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership(1)	Percentage of Shares Outstanding(2)
United Mobile Homes, Inc.	739,209	5.16%

Palisade Concentrated Equity Partnership, L.P. One Bridge Plaza Fort Lee, New Jersey 07024	1,257,253	8.76%
Oakland Financial Corporation 34200 Mound Road Sterling Heights, Michigan 48310	861,938(3)	6.01%
Ernest V. Bencivenga	30,460(4)	*
Anna T. Chew	91,863(5)	*
Daniel D. Cronheim	43,488(6)	*
Matthew I. Hirsch	27,658(7)	*
Charles P. Kaempffer	53,003(8)	*
Eugene W. Landy	772,146(9)(14)	5.38%
Samuel A. Landy	223,878(10)	1.56%
Cynthia J. Morgenstern	5,966(11)	*
John R. Sampson	20,285(12)	*
Peter J. Weidhorn	6,000(13)	*
Directors and Officers as a group	1,226,647(14)	8.55%

*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 February 28, 2003, which was 14,350,238 Shares.

(3) Based upon Amendment No. 2 to a Schedule 13D dated October 15, 2002 filed with the SEC by Oakland Financial Corporation ("Oakland") which indicates that Oakland has sole voting and dispositive power with respect to 61,767 Shares and shared voting and dispositive power with respect to 861,938 Shares with Liberty Bell Agency, Inc. ("Liberty Bell") and Cherokee Insurance Company ("Cherokee"), both of which are wholly-owned subsidiaries of Oakland. That filing also indicates that Oakland owns 61,767 Shares, Liberty Bell owns 510,177 Shares and Cherokee owns 289,994 Shares.

(4) Excludes 15,000 Shares issuable upon the exercise of stock options, which stock options are not exercisable until June 21, 2003.

(5) Includes (a) 33,866 Shares owned jointly with Ms. Chew's husband; and (b) 47,849 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

10,148 Shares held by the UMH 401(k) for her benefit. Excludes 50,000 Shares issuable upon the exercise of stock options, which stock options are not exercisable until June 21, 2003.

(6) Excludes 15,000 Shares issuable upon the exercise of stock options, which stock options are not exercisable until June 21, 2003.

(7) Includes 24,658 Shares owned jointly with Mr. Hirsch's wife and 3,000 Shares issuable upon the exercise of fully vested stock options. Excludes 15,000 Shares issuable upon the exercise of stock options, which stock options are not exercisable until June 21, 2003.

(8) Includes (a) 15,225 Shares owned by Mr. Kaempffer's wife; (b) 1,080 Shares owned jointly with Mr. Kaempffer's wife, and (c) 1,425 Shares held in the Charles P. Kaempffer Defined Benefit Pension Plan of which Mr. Kaempffer is the trustee. Excludes 15,000 Shares issuable upon exercise of stock options, which stock options are not exercisable until June 21, 2003.

(9) Includes (a) 79,096 Shares owned by Mr. Landy's wife; (b) 161,764 Shares held in the E.W. Landy Profit Sharing Plan of which Mr. Landy is a trustee and has shared voting and dispositive power; (c) 126,586 Shares held in the E.W. Landy Pension Plan over which Mr.

Landy has shared voting and dispositive power; and (d) 60,000 Shares held in the Eugene W. and Gloria Landy Family Foundation, a charitable trust, over which Mr. Landy has shared voting and dispositive power. Includes 130,000 Shares issuable upon the exercise of fully vested stock options. Excludes 65,000 Shares issuable upon the exercise of stock options, which stock options are not exercisable until June 21, 2003.

(10) Includes (a) 4,865 Shares owned by Mr. Landy's wife; (b) 68,888 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) 47,849 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 28,040 Shares held by the UMH 401(k) for his benefit. Excludes 15,000 Shares issuable upon the exercise of stock options, which stock options are not exercisable until June 21, 2003.

(11) Includes 251 Shares held in Ms. Morgenstern's 401(k) plan over which she has sole dispositive power. Excludes 50,000 Shares issuable upon the exercise of stock options, which stock options are not exercisable until June 21, 2003.

(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. Excludes 15,000 Shares issuable upon the exercise of stock options, which stock options are not exercisable until June 21, 2003. Includes 5,000 Shares issuable upon the exercise of fully vested stock options.

(13) Excludes 15,000 Shares issuable upon exercise of stock options, which stock options are not exercisable until June 21, 2003.

(14) Excludes 723,403 Shares owned by United Mobile Homes, Inc. Eugene W. Landy beneficially owns approximately 13% 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 or accrued by the Company to its Chief Executive Officer and Executive Vice President for services rendered during the fiscal years ended September 30, 2002, 2001 and 2000. There were no other executive officers whose aggregate cash compensation exceeded $100,000.

Name and Principal Position	Annual Compensation		
	Year	Salary	Bonus
Eugene W. Landy	2002	$150,000	$30,000

Chief Executive Officer	2001	$150,000	$30,000
	2000	$130,000	$80,000
Cynthia J. Morgenstern	2002	$121,250	$8,462
Executive Vice President	2001	$ 78,269	-0-

(1) Represents Director's fees of $16,300, $8,700 and $5,500 paid to Mr. Landy for 2002, 2001 and 2000, and accrual for pension and other benefits of $59,000, $49,000 and $34,000 for 2002, 2001 and 2000, respectively, in accordance with Mr. Landy's employment contract, and legal fees of $-0-, $47,500 and $32,500 for 2002, 2001 and 2000, 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.

Stock Option Plan

On April 24, 1997, the stockholders 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 stockholders 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, 2002:

	Options	Percent Granted to	Price Per	Expiration	Potential Assumed

Name	Granted	Employees	Share	Date	O
					5%
Eugene W. Landy	65,000	17.8%	$6.765	10/04/06	$190,90
	65,000	17.8%	$7.13	6/21/10	$221,30
Cynthia J. Morgenstern	50,000	13.7%	$7.13	6/21/10	$170,20

The following table sets forth, for the executive officer named in the Summary Compensation Table, information regarding stock options outstanding at September 30, 2002:

Name	Shares Acquired Upon Exercise	Value Realized	Number of Unexercised Options at Year-End Exercisable / Unexercisable	Va O
Eugene W. Landy	150,000	$ -0-	65,000 / 130,000	$
Cynthia J. Morgenstern	-0-	N/A	-0- / 50,000	

Employment Agreement

On December 9, 1994, the Company and Eugene W. Landy entered into an Employment Agreement under which Mr. Landy receives an annual base compensation of $150,000 (as amended) plus 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. On severance of employment for any reason, Mr. Landy will receive severance of $300,000, payable $100,000 on severance and $100,000 on the first and second anniversaries of severance. In the event of disability, Mr. Landy's compensation shall continue for a period of three years, payable monthly. On retirement, Mr. Landy shall receive a pension of $40,000 a year for ten years, payable in monthly installments. In the event of death, Mr. Landy's designated beneficiary shall receive $300,000, $150,000 thirty days after death and the balance one year after death. The Employment Agreement terminated December 31, 2000, and was automatically renewed and extended for successive one-year periods.

Effective January 15, 2002, the Company and Cynthia J. Morgenstern entered into a one year employment agreement under which Ms. Morgenstern receives an annual base salary of $125,000 plus bonuses and customary fringe benefits. In the event of disability, her salary shall continue for a period of two years.

Other Information

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 and Stock Option Committee.

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.

Report of 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 board of directors believes that the financial interests of the executive officers should be aligned with the success of the Company and the financial interests of its stockholders. Increases in funds from operations, the enhancement of the Company's equity portfolio, and the success of the Dividend Reinvestment and Stock Purchase Plan all contribute to increases in stock prices, thereby maximizing stockholders' return.

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 Company's funds from operations continue to increase. The Committee reviewed the growth of the Company and 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 2001 to $150,000 per year. In fiscal 2002, Mr. Landy was also paid a total bonus of $30,000.

Compensation Committee:
Daniel D. Cronheim
Matthew I. Hirsch

REPORT OF AUDIT COMMITTEE

The Board of Directors has adopted a written charter for the Audit Committee.

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, 2002.

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, 2002.

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

AUDIT FEES

The aggregate fees billed by KPMG LLP, for professional services rendered for the audit of the Company's annual financial statements for the fiscal year ended September 30, 2002 and for the reviews of the financial statements included in the Company's Quarterly Reports on Form 10-Q for that fiscal year were $34,900.

Financial Information Systems Design and Implementation Fees

There were no fees billed by KPMG LLP for professional services rendered for information technology services relating to financial information systems design and implementation for the fiscal year ended September 30, 2002.

All Other Fees

The aggregate fees billed by KPMG LLP, for services rendered to the Company for the fiscal year ended September 30, 2002, other than for services described above, were $21,800.

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 Weidhorn

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.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The Board of Directors of the Company has granted Eugene W. Landy, President, loans to enable Mr. Landy to exercise stock options totaling $1,264,375 at interest rates ranging from 5% to 7% and maturity dates ranging from 2003 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. Daniel D. Cronheim, a director of the Company, is the son of Robert Cronheim, the President of David Cronheim Company, the real estate advisor to 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. In fiscal 2002, Landy & Landy did not receive any legal fees from the Company.

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 stockholders can consider the conflict issue when voting for or against the attorney/director nominee.

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, 2002 (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: Stockholder Relations, Juniper Business Plaza, 3499 Route 9 North, Suite 3-C, Freehold, NJ 07728.

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 Shares, to file reports of ownership and changes in ownership with the Securities and Exchange Commission and to furnish the Company with copies of all such reports 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.

STOCKHOLDER PROPOSALS FOR THE 2004 ANNUAL MEETING OF STOCKHOLDERS

Proposals in Company's Proxy Statement

Stockholder proposals submitted for inclusion as a stockholder proposal in the Company's proxy materials for the 2004 Annual Meeting of Stockholders must be received by the Company at its office at Juniper Business Plaza, 3499 Route 9 North, Suite 3-C, Freehold, New Jersey 07728 no later than December 9, 2003.

Proposals to be Introduced at the Annual Meeting but not Intended to be Included in the Company's Proxy Statement

In order to be considered at the 2004 Annual Meeting of Stockholders, stockholder proposals must comply with the advance notice and eligibility requirements contained in the Maryland Bylaws, if the Reincorporation is approved and the Company reincorporates in Maryland. The Maryland Bylaws provide that stockholders are required to give advance notice to the Company of any business to be brought by a stockholder before a stockholders' meeting and must comply with the notice procedures set forth in the Maryland Bylaws. The advanced notice and eligibility requirements of the Maryland Bylaws are described above in the section of this Proxy Statement captioned "Reincorporating the Company in Maryland - Comparison of the Delaware Code, Delaware Charter and Delaware Bylaws to Maryland Code, Maryland Charter and Maryland Bylaws - Advance Notice Provisions."

Under the Maryland Bylaws, for the proxy statement for the 2004 Annual Meeting of stockholders, a qualified stockholder intending to introduce a proposal or nominate a director at the 2004 Annual Meeting of Stockholders but not intending the proposal to be included in the Company's proxy materials should give written notice to the Company's Secretary not later than January 9, 2004, and not earlier than December 9, 2003.

In the event that the Company reincorporates in Maryland, the advance notice and eligibility requirements of Monmouth Maryland are set forth in Article 2, Sections 11 and 12 of the Maryland Bylaws. Copies of the Maryland Bylaws are attached to this Proxy Statement as Appendix C and are also available upon request. Such requests and any stockholder proposals should be sent to the Secretary of the Company at Juniper Business Plaza, 3499 Route 9 North, Suite 3-C, Freehold, New Jersey 07728.

If the Company does not reincorporate in Maryland, a stockholder intending to introduce a proposal or nominate a director at the 2004 Annual Meeting of Stockholders, but not intending the proposal to be included in the Company's proxy materials, should give notice to the Company's Secretary no

later than February 22, 2004.

By Order of the Board of Directors

/s/ EUGENE W. LANDY
President and Director

Date: April 7, 2003