BLACKWELLS CAPITAL LLC
800 Third Avenue, 39th Floor
New York, NY 10022

February 8, 2021

BY ELECTRONIC MAIL

Monmouth Real Estate Investment Corporation
101 Crawfords Corner Road, Suite 1405
Holmdel, NJ 07733
Attn: Michael D. Prashad
General Counsel

Re: **Monmouth Real Estate Investment Corporation ("Monmouth" or the "Company")**

Dear Mr. Prashad:

I write on behalf of Blackwells Capital, LLC ("Blackwells"), which as you know is a shareholder of Monmouth. We have previously provided you with information regarding Blackwells' share ownership, and confirm that Blackwells remains a shareholder in Monmouth today.

As you know, Blackwells offered to purchase Monmouth in December 2020 for $18.00 per share, which was a 21.6% premium to the unaffected share price as of December 1, 2020, and exceeded the unaffected three-month and six-month volume-weighted average prices by 23.8% and 24.8%, respectively. The Board's failure to enable an independent evaluation of the proposed transactions resulted in a rushed decision by Monmouth to reject Blackwells' offer, the acceptance of which would have been in the best interest of Monmouth and its stockholders.

The reason for our letter today is to demand that Monmouth file a lawsuit against the individual members of Monmouth's board of directors (Kiernan Conway, Daniel Cronheim, Catherine Elflein, Brian Haimm, Neal Herstik, Matthew Hirsch, Eugene Landy, Michael Landy, Samuel Landy, Kevin Miller, Gregory Otto, Sonal Pande and Scott Robinson, collectively, the "Board") for their breaches of fiduciary duty in at least two respects:

1) The Board's failure to appoint a special committee of independent directors to consider Blackwells' recent offer to purchase Monmouth at a substantial premium over its recent trading price; and

2) The Board's waste of corporate assets caused by its approval of the Company's frivolous lawsuit against Blackwells and Allison Nagelberg, which Monmouth filed for the improper purpose of attempting to browbeat Blackwells into dropping (i) its proposals for certain corporate governance changes at the Company, and (ii) its challenge to the Landy family's continued entrenchment on Monmouth's Board.

To the extent that the full Board considered Blackwells' offer, it could not have done so impartially with a primary focus on the best interests of the Company and its shareholders. As a practical matter, the Board is dominated by the three members of the Landy family who currently have Board seats. The Landy family is incapable of evaluating Blackwells' offer objectively, because selling their stakes in Monmouth could catalyze significant adverse tax consequences and divest them of operational control over the business that their family founded more than fifty years ago. While the Landy family may feel emotional ties to the company, that is no excuse for failing to act as responsible stewards of a publicly traded company with a broad set of unaffiliated shareholders. But that is what the entire Board has done by failing to consider Blackwells' offer in an appropriate manner, including by its failure to appoint a special committee of technically independent directors to consider the offer.

Monmouth's rushed rejection of Blackwells' offer, and its complete failure to engage in discussions about it, further shows that it did not give the offer proper consideration, in breach of the Board members' fiduciary duties. The Board provided no rationale for rejecting Blackwells' offer beyond the Company's throwaway public statement that it was purportedly "not in the best interest of the Company." When pressed for more information on the February 4, 2021 quarterly earnings call, regarding "what happened in December in terms of [the] $18 per share offer that that you guys didn't see in the best interest of shareholders," and "what your concerns were about that offer," Michael Landy refused to provide any additional explanation beyond referring back to the prior conclusory statement from the Company.

Instead of responsibly evaluating Blackwells' proposal consistent with principles of good corporate governance, Monmouth filed a lawsuit against Blackwells and Ms. Nagelberg. The Company's lawsuit alleges, without any factual basis, that Ms. Nagelberg has disclosed confidential and privileged information to Blackwells in violation of her legal duties as a former in-house attorney for Monmouth. The lawsuit is plainly a strategic gambit by Monmouth to attempt to convince Blackwells to drop its bid, withdraw its proposals for certain corporate governance changes at the Company, and discontinue its efforts to change the membership of a portion of Monmouth's Board at the upcoming annual meeting of shareholders. That is not a proper purpose for a lawsuit, and any funds devoted by Monmouth to this sham endeavor must be reimbursed by the directors and/or officers who approved the commencement of the litigation. To make matters worse, Monmouth is responsible for paying the legal fees incurred by Ms. Nagelberg in defending Monmouth's claims, by virtue of contractual advancement and indemnification rights that she holds against Monmouth. In short, Monmouth's litigation crusade against Blackwells and Ms. Nagelberg is an indefensible use of corporate assets that was undertaken for the improper purpose of entrenching members of the Landy family on the Board.

Please respond by February 15, 2021, and inform me whether Monmouth will pursue claims against the members of its Board for breaching their fiduciary duties to Monmouth in the manner discussed above. If Monmouth refuses to do so, then Blackwells, in its capacity as a shareholder, reserves its right to bring such claims derivatively on behalf of the Company.

Sincerely,

BLACKWELLS CAPITAL LLC

By: ______________________________
Name: Jason Aintabi
Title: Managing Partner