DEAR FELLOW SHAREHOLDERS

My mother, Gloria Landy, passed away on April 23, 2020. All of us have the brightness of the sun, the moon and the stars. For all who knew Gloria Landy, there was additional brightness. Her shining optimistic personality radiated from her eyes, her smile, and her words. No one ever left her presence without feeling even happier to be alive. Dignitaries from around the world knew and loved Gloria. She sincerely wanted all the best for everyone. From the time she was nine years old Gloria lived with and shared the pain of broken families brought to America after the ravages of the Holocaust. As a child, at the Old Broadway Synagogue, she worked with her mother Eva Sadoff and father Sam Sadoff to house, clothe and obtain jobs for all they could. She knew their tears and she fought to brighten the world for them and for everyone she met. She made this her life mission and was involved in the U.N. as a leader in the Jewish NGO Caucus. She was a past Secretary of the World Jewish Congress, and the first female President of Congregation B'Nai Israel in Rumson. Gloria Landy was always proud of our UMH team and would be very proud of the compassionate way we managed UMH through the pandemic.

IN MEMORY OF

GLORIA SADOFF LANDY

August 12, 1933 - April 23, 2020

Despite the difficulties of managing through COVID-19, UMH had a very good year. The foundation we spent years building is in place for earnings growth for years to come. The success of our business plan is now translating into improved earnings and a higher share price. The cash flow generated by our business plan held up extraordinarily well through one of the most difficult economic circumstances one can imagine. Our rent collections have been in line with pre-pandemic levels all year. We collected 98% of our rent and maintained 95% rental home occupancy. Our total income grew 12% to $164 million. Our community NOI increased 20% to $80 million. Our operating expense ratio decreased from 48% in 2019, to 44.1% in 2020. We installed and rented 858 homes. We grew same property occupancy by 718 sites, or 320 basis points, resulting in same property NOI growth of 15%. Our home sales were up 13% generating sales profits of approximately $770,000. We financed a portfolio of unencumbered communities resulting in proceeds of $106 million at an interest rate of 2.62%. These proceeds were used to redeem our 8% Series B Preferred Stock which will result in increased FFO of $5 million, or $0.11 per share in 2021. All of these positive operating metrics resulted in improved Normalized FFO per share of 11% this past year, as well as continued growth going forward. These operating metrics have given management and the Board the confidence to increase our dividend by 5.5% to $0.76 per share annually. Assuming similar strong performance, we anticipate further dividend increases in the future.

Our business plan has changed over the years, always with the same intention of providing quality affordable housing with great results for our shareholders. We once worked to build communities to sell homes and rent lots. As a result of the changing business climate and financing regulations imposed on our industry, we began pivoting to a rental home model several years ago. During 2020, we installed 858 rental homes. That is the equivalent of building an 858-unit apartment complex. Our rental home portfolio now contains approximately 8,300 homes that are 95% occupied. We continue to experience strong demand throughout our rental portfolio and anticipate adding an additional 800-900 homes in 2021.

Our rental home program has been so successful that it has allowed us to purchase communities with vacancies in good markets, invest in the infrastructure and deferred maintenance, and fill them with rental homes resulting in tremendous property appreciation. As our properties appreciate, and we are able to recapture the increased equity through refinancing, we are able to reduce our overall cost of capital. This positive trend was recently illustrated when we redeemed our higher cost preferred series by utilizing low cost GSE debt. In August, we completed the financing of a pool of unencumbered communities, most of which were acquired over the past few years. This financing generated proceeds of $106 million at an interest rate of 2.62%. Our investments in these communities totaled $116 million. These communities appraised for $145 million representing an increase in value of 25%. The portfolio is currently 83% occupied and we will continue to fill sites and increase property values. Increases in value can be realized by utilizing the borrow-up features per the loan agreement.

The capital generated through this refinancing was used to redeem our 8% Series B Preferred stock. This recapitalization will increase our FFO by over $5 million, or $0.11 per share in 2021. We can achieve additional preferred dividend savings in 2022 and 2023. In 2022, we can redeem $250 million of our 6.75% Series C Preferred Stock, and in 2023, we can redeem $160 million of our 6.375% Series D Preferred Stock. Assuming we can refinance our preferred equity at a blended cost of 4%, we will improve our FFO by over $10 million, or $0.24 per share. Just by completing these recapitalizations, we can improve earnings by $0.35 or more, bringing our earnings above $1 per share.

As our earnings continue to grow, we anticipate further common stock price appreciation and dividend growth. UMH has several avenues to continue to improve our operating results organically:

1. 4% annual rent increases result in additional income of approximately $5.6 million. Operating at a 45% expense ratio will result in $3.1 million of additional NOI.
2. Installing and renting an additional 800 rental homes at $800 per month generates additional income of $7.7 million. Operating at a 45% expense ratio will generate additional NOI of approximately $4.2 million. This is a $42 million investment that yields approximately 10% unlevered.

SAMUEL A. LANDY
New York Stock Exchange

3. Continuing to increase the profitability of home sales. In 2020, we earned $770,000 on home sales. Our sales volume and our profitability continue to improve. We believe we can earn an additional $1 million or more in sales profits.
4. Developing 400 sites per year.

These paths forward to continued earnings growth pale in comparison to the increase in property values we believe is generated by our business plan. International accounting standards would have a line on the income statement depicting the change in asset value. Our communities have increased in value because of improved operations, cap rate compression and general property appreciation. If our $1.5 billion in assets increases in value by 4% in any given year, the increased value of our company is $60 million or $1.50 per share. Our same property NOI in 2020 increased approximately $11 million over 2019. Applying a market cap rate of 5% to this increase in NOI results in an increase in value of $170 million net of the cost of the rental units.

Our same property results are exceptionally strong. During 2020, we improved the same community occupancy by 320 basis points or 718 sites. This resulted in increased same property income of 8% and

Our Tribute to the American Flag
PIKEWOOD MANOR
Elyria, OH

same property NOI of 15%. These results are excellent, but our business plan was designed to allow us to achieve similar results moving forward. We have 3,700 vacant sites which we are actively working to fill as demonstrated by our strong same property occupancy results. We have 1,800 vacant acres which can be developed into 7,300 sites upon which we can either sell homes or rent homes, further increasing income and growing value.

We anticipate obtaining approvals to develop 700 sites in 2021. Of these 700 approved sites we should complete the development of approximately 400 sites this year. These sites are located in communities that have historically had very strong sales.

We also can continue to grow through acquisitions. 2020 was a relatively quiet year on the acquisition front. We acquired 2 communities containing 310 sites for a total purchase price of $7.8 million. In January of 2021, we acquired 2 communities in new markets, Alabama and South Carolina, containing 337 sites for a total purchase price of $8 million. All of these acquisitions are value-added in nature, and will benefit from our business plan. We are particularly excited about our entrance into the Southeast and look forward to expanding our footprint in these markets in the near future.

The two best real estate asset classes are net leased industrial warehouses and manufactured home communities. My Father and our Chairman, Eugene Landy, positioned us in both of these asset classes many years ago. He founded UMH Properties, Inc. in 1968, recognizing that our nation faced an affordable housing crisis and that manufactured housing in land-leased communities could help to combat the crisis. My father also strongly believes it is not only about investing in the right sectors that creates wealth, but also having the ability and discipline to evaluate each potential acquisition for its potential upside and downside. Our disciplined approach to acquisitions and our solid balance sheet has allowed us to generate exceptional performance throughout some of the most challenging economic cycles. UMH has always and will always be well positioned for withstanding black swan events.

Our Chairman points out that UMH should be considered a social investment. We have been a social investment since our inception. We provide residents with a quality home, in a well-managed community at an affordable price. Affordable housing has come to be recognized as a human right. The generally accepted definition of affordable housing is that 30% of income should cover ones' housing costs. At year end, our average home rent was $790 per month, or $9,480 per year. A family with annual income of $32,000 qualifies to rent a home in our communities. Our housing offers our residents financial flexibility that they do not have with more costly and less desirable housing options.

Many thanks to the entire UMH team, our Board of Directors and our investors for their support and encouragement.

Very truly yours,

Samuel Landy

SAMUEL A. LANDY
President and Chief Executive Officer
March 2021