



NEWS RELEASE

UMH PROPERTIES, INC. REPORTS RESULTS FOR THE FOURTH QUARTER AND YEAR ENDED DECEMBER 31, 2022

2/28/2023

FREEHOLD, NJ, Feb. 28, 2023 (GLOBE NEWSWIRE) -- UMH Properties, Inc. (NYSE:UMH) (TASE:UMH) reported Total Income of \$195.8 million for the year ended December 31, 2022 as compared to \$186.1 million for the year ended December 31, 2021, representing an increase of 5%. Total Income for the quarter ended December 31, 2022 was \$48.7 million as compared to \$46.0 million for the quarter ended December 31, 2021, representing an increase of 6%. Net Income (Loss) Attributable to Common Shareholders amounted to a loss of \$36.3 million or \$0.67 per diluted share for the year ended December 31, 2022 as compared to income of \$21.2 million or \$0.45 per diluted share for the year ended December 31, 2021. Net Income Attributable to Common Shareholders amounted to \$283,000 or \$0.005 per diluted share for the quarter ended December 31, 2022 as compared to \$9.4 million or \$0.17 per diluted share for the quarter ended December 31, 2021.

Funds from Operations Attributable to Common Shareholders ("FFO") was \$28.5 million or \$0.51 per diluted share for the year ended December 31, 2022 as compared to \$39.1 million or \$0.83 per diluted share for the year ended December 31, 2021. FFO was \$10.0 million or \$0.18 per diluted share for the quarter ended December 31, 2022 as compared to \$10.1 million or \$0.20 per diluted share for the quarter ended December 31, 2021. Normalized Funds from Operations Attributable to Common Shareholders ("Normalized FFO"), was \$46.8 million or \$0.85 per diluted share for the year ended December 31, 2022, as compared to \$41.1 million or \$0.87 per diluted share for the year ended December 31, 2021. Normalized FFO was \$11.3 million or \$0.20 per diluted share for the quarter ended December 31, 2022, as compared to \$11.0 million or \$0.22 per diluted share for the quarter ended December 31,

2021.

A summary of significant financial information for the three months and year ended December 31, 2022 and 2021 is as follows (in thousands except per share amounts):

	For the Three Months Ended December 31,	
	2022	2021
Total Income	\$ 48,748	\$ 46,002
Total Expenses	\$ 42,582	\$ 37,500
Net Income Attributable to Common Shareholders	\$ 283	\$ 9,410
Net Income Attributable to Common Shareholders per Diluted Common Share	\$ 0.005	\$ 0.17
FFO (1)	\$ 9,973	\$ 10,091
FFO (1) per Diluted Common Share	\$ 0.18	\$ 0.20
Normalized FFO (1)	\$ 11,321	\$ 11,016
Normalized FFO (1) per Diluted Common Share	\$ 0.20	\$ 0.22
Weighted Average Shares Outstanding	56,755	51,128

	For the Year Ended December 31,	
	2022	2021
Total Income	\$ 195,776	\$ 186,123
Total Expenses	\$ 166,252	\$ 152,163
Net Income (Loss) Attributable to Common Shareholders	\$ (36,265)	\$ 21,249
Net Income (Loss) Attributable to Common Shareholders per Diluted Common Share	\$ (0.67)	\$ 0.45
FFO (1)	\$ 28,489	\$ 39,149
FFO (1) per Diluted Common Share	\$ 0.51	\$ 0.83
Normalized FFO (1)	\$ 46,840	\$ 41,144
Normalized FFO (1) per Diluted Common Share	\$ 0.85	\$ 0.87
Weighted Average Shares Outstanding	54,389	47,432

A summary of significant balance sheet information as of December 31, 2022 and 2021 is as follows (in thousands):

	December 31, 2022	December 31, 2021
Gross Real Estate Investments	\$ 1,391,588	\$ 1,205,091
Marketable Securities at Fair Value	\$ 42,178	\$ 113,748
Total Assets	\$ 1,344,596	\$ 1,270,820
Mortgages Payable, net	\$ 508,938	\$ 452,567
Loans Payable, net	\$ 153,531	\$ 46,757
Bonds Payable, net	\$ 99,207	\$ -0-
Total Shareholders' Equity	\$ 551,196	\$ 742,140

Samuel A. Landy, President and CEO, commented on the 2022 results.

“During 2022, UMH made substantial progress on multiple fronts – generating solid operating results, achieving strong growth and improving our financial position. We have:

- Increased Rental and Related Income by 7%;
- Increased Community Net Operating Income (“NOI”) by 4%;
- Increased our rental home portfolio by 392 homes from year end 2021 to approximately 9,100 total rental homes, representing an increase of 5% from year end 2021;
- Acquired seven communities containing 1,486 homesites for a total cost of \$86.2 million;
- Issued \$102.7 million of 4.72% Series A Bonds due 2027 in an offering to investors in Israel, for total proceeds of \$98.7 million, net of offering expenses;
- Completed the addition of approximately 1,100 homes to our Fannie Mae credit facility, for total proceeds of approximately \$25.6 million;
- Financed four communities and approximately 250 rental homes within those communities for total proceeds of approximately \$34.2 million;
- Issued and sold approximately 5.0 million shares of Common Stock through an At-the-Market Sale Program at a weighted average price of \$20.58 per share, generating gross proceeds of \$102.6 million and net proceeds of \$100.8 million, after offering expenses;
- Issued and sold approximately 406,000 shares of Series D Preferred Stock through an At-the-Market Sale Program at a weighted average price of \$22.90 per share, generating gross proceeds of \$9.3 million and net proceeds of \$9.1 million, after offering expenses;
- Redeemed all 9.9 million issued and outstanding shares of our 6.75% Series C Preferred Stock for \$247.1 million;
- Invested \$8.0 million in the UMH qualified opportunity zone fund to acquire, develop and redevelop manufactured housing communities located in Qualified Opportunity Zones;
- Entered into a Second Amended and Restated Credit Agreement to expand available borrowings from \$75 million to \$100 million with a \$400 million accordion feature, subject to certain conditions, and to extend the maturity date to November 7, 2026, with a one-year extension available at our option; and subsequent to year end, further expanded this line from \$100 million to \$180 million;
- Subsequent to year end, acquired our first community in Georgia, containing 118 developed homesites, for a total cost of \$3.7 million through our qualified opportunity zone fund;
- Subsequent to year end, issued and sold approximately 1.9 million shares of Common Stock through an At-the-Market Sale Program at a weighted average price of \$16.99 per share, generating gross proceeds of \$32.7

million and net proceeds of \$32.2 million, after offering expenses; and

- Subsequent to year end, issued and sold approximately 640,000 shares of Series D Preferred Stock through an At-the-Market Sale Program at a weighted average price of \$22.77 per share, generating gross proceeds of \$14.6 million and net proceeds of \$14.4 million, after offering expenses.”

“UMH is well positioned for future earnings growth. We have invested a considerable amount of capital in existing acquisitions, expanding our communities and into our joint venture. This capital has been deployed, but value-add acquisitions and expansions take time to generate returns. The communities and expansions we have invested in are well-located and are experiencing strong demand for sales and rentals which will result in increased occupancy and revenue.”

“The backlogs from our manufacturers are now back to pre-pandemic levels, and we have over 1,000 homes being set up and ready for occupancy. As these homes come online, we anticipate revenue growth in the 8-9% range which will more than offset the expense growth resulting in high single or low double digit NOI growth.”

“During the year, we completed the acquisition of seven communities containing approximately 1,500 developed homesites for a total purchase price of approximately \$86 million. These value-add acquisitions provide a runway for long-term NOI and earnings accretion but impacted our earnings in the short term. We also completed the development of 225 expansion sites which will generate sales profits, strong yields and property appreciation in the future.”

“We are proud of the company that we have built and the mission we are on to provide the Nation with needed affordable housing. Our results and future growth prospects allowed us to raise our dividend for three consecutive years. We believe we are on track for earnings and dividend growth in the future. We look forward to continuing to execute on our business plan and building long-term value for our dedicated shareholders.”

UMH Properties, Inc. will host its Fourth Quarter and Year Ended December 31, 2022 Financial Results Webcast and Conference Call. Senior management will discuss the results, current market conditions and future outlook on Wednesday, March 1, 2023 at 10:00 a.m. Eastern Time.

The Company’s fourth quarter and year ended December 31, 2022 financial results being released herein will be available on the Company’s website at www.umh.reit in the “Financials” section.

To participate in the webcast, select the microphone icon found on the homepage www.umh.reit to access the call. Interested parties can also participate via conference call by calling toll free 877-513-1898 (domestically) or 412-902-4147 (internationally).

The replay of the conference call will be available at 12:00 p.m. Eastern Time on Wednesday, March 1, 2023 and can

be accessed by dialing toll free 877-344-7529 (domestically) and 412-317-0088 (internationally) and entering the passcode 7936826. A transcript of the call and the webcast replay will be available at the Company's website, www.umh.reit.

UMH Properties, Inc., which was organized in 1968, is a public equity REIT that owns and operates 135 manufactured home communities containing approximately 25,700 developed homesites. These communities are located in New Jersey, New York, Ohio, Pennsylvania, Tennessee, Indiana, Michigan, Maryland, Alabama, South Carolina and Georgia. UMH also has an ownership interest in and operates two communities in Florida, containing 363 sites, through its joint venture with Nuveen Real Estate.

Certain statements included in this press release which are not historical facts may be deemed forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Any such forward-looking statements are based on the Company's current expectations and involve various risks and uncertainties. Although the Company believes the expectations reflected in any forward-looking statements are based on reasonable assumptions, the Company can provide no assurance those expectations will be achieved. The risks and uncertainties that could cause actual results or events to differ materially from expectations are contained in the Company's annual report on Form 10-K and described from time to time in the Company's other filings with the SEC. The Company undertakes no obligation to publicly update or revise any forward-looking statements whether as a result of new information, future events, or otherwise.

Note:

(1) Non-GAAP Information: We assess and measure our overall operating results based upon an industry performance measure referred to as Funds from Operations Attributable to Common Shareholders ("FFO"), which management believes is a useful indicator of our operating performance. FFO is used by industry analysts and investors as a supplemental operating performance measure of a REIT. FFO, as defined by The National Association of Real Estate Investment Trusts ("NAREIT"), represents net income (loss) attributable to common shareholders, as defined by accounting principles generally accepted in the United States of America ("U.S. GAAP"), excluding extraordinary items, as defined under U.S. GAAP, gains or losses from sales of previously depreciated real estate assets, impairment charges related to depreciable real estate assets, the change in the fair value of marketable securities, and the gain or loss on the sale of marketable securities plus certain non-cash items such as real estate asset depreciation and amortization. Included in the NAREIT FFO White Paper - 2018 Restatement, is an option pertaining to assets incidental to our main business in the calculation of NAREIT FFO to make an election to include or exclude gains and losses on the sale of these assets, such as marketable equity securities, and include or exclude mark-to-market changes in the value recognized on these marketable equity securities. In conjunction with the adoption of the FFO White Paper - 2018 Restatement, for all periods presented, we have elected to exclude the

gains and losses realized on marketable securities investments and the change in the fair value of marketable securities from our FFO calculation. NAREIT created FFO as a non-U.S. GAAP supplemental measure of REIT operating performance. We define Normalized Funds from Operations Attributable to Common Shareholders ("Normalized FFO"), as FFO excluding certain one-time charges. FFO and Normalized FFO should be considered as supplemental measures of operating performance used by REITs. FFO and Normalized FFO exclude historical cost depreciation as an expense and may facilitate the comparison of REITs which have a different cost basis. However, other REITs may use different methodologies to calculate FFO and Normalized FFO and, accordingly, our FFO and Normalized FFO may not be comparable to all other REITs. The items excluded from FFO and Normalized FFO are significant components in understanding the Company's financial performance.

FFO and Normalized FFO (i) do not represent Cash Flow from Operations as defined by U.S. GAAP; (ii) should not be considered as alternatives to net income (loss) as a measure of operating performance or to cash flows from operating, investing and financing activities; and (iii) are not alternatives to cash flow as a measure of liquidity.

The reconciliation of the Company's U.S. GAAP net income (loss) to the Company's FFO and Normalized FFO for the three months and year ended December 31, 2022 and 2021 are calculated as follows (in thousands):

	Three Months Ended		Year Ended	
	12/31/22	12/31/21	12/31/22	12/31/21
Net Income (Loss) Attributable to Common Shareholders	\$ 283	\$ 9,410	\$ (36,265)	\$ 21,249
Depreciation Expense	12,766	11,552	48,769	45,124
Depreciation Expense from Unconsolidated Joint Venture	114	-0-	371	-0-
Loss on Sales of Investment Property and Equipment	73	61	169	170
(Increase) Decrease in Fair Value of Marketable Securities	(21,185)	(10,932)	21,839	(25,052)
Gain on Sales of Marketable Securities, net	17,922	-0-	(6,394)	(2,342)
FFO Attributable to Common Shareholders	9,973	10,091	28,489	39,149
Redemption of Preferred Stock (2)	-0-	-0-	12,916	-0-
Amortization (3)	511	-0-	1,956	-0-
Non-Recurring Other Expense (4)	837	925	3,479	1,995
Normalized FFO Attributable to Common Shareholders	\$ 11,321	\$ 11,016	\$ 46,840	\$ 41,144

The diluted weighted shares outstanding used in the calculation of FFO per Diluted Common Share and Normalized FFO per Diluted Common Share were 56.8 million and 55.3 million shares for the three months and year ended December 31, 2022, respectively, and 51.1 million and 47.4 million shares for the three months and year ended December 31, 2021, respectively. Common stock equivalents resulting from stock options in the amount of 571,000 and 936,000 shares for the three months and year ended December 31, 2022, respectively, were excluded from the diluted weighted shares outstanding as they would have been anti-dilutive. Common stock equivalents resulting from stock options in the amount of 1.4 million and 1.1 million shares for the three months and year ended December 31, 2021, respectively, are included in the diluted weighted shares outstanding.

(2) Primarily consists of redemption charges related to the original issuance costs (\$8,190) and the carrying costs of excess cash (\$4,726) in 2022 from the beginning of the year through the redemption date.

(3) Due to the change in sources of capital, this non-cash expense is expected to become more significant and is therefore included as an adjustment to Normalized FFO for the year ended December 31, 2022. Had a similar adjustment been made in prior years, Normalized FFO Attributable to Common Shareholders would have been \$11,293 or \$0.22 and \$42,145 or \$0.89 for the three months and year ended December 31, 2021, respectively.

(4) Consists of special bonus and restricted stock grants for the August 2020 groundbreaking Fannie Mae financing, which are being expensed over the vesting period (\$431 and \$1,724, respectively) and non-recurring expenses for the joint venture with Nuveen (\$210 and \$264, respectively), early extinguishment of debt (\$125 and \$320, respectively), one-time legal fees (\$10 and \$197, respectively), fees related to the establishment of the Opportunity Zone Fund (\$61 and \$954, respectively) and costs associated with acquisition not completed (\$0 and \$20, respectively) for the three months and year ended December 31, 2022. Consists of special bonus and restricted stock grants for the August 2020 groundbreaking Fannie Mae financing, which are being expensed over the vesting period (\$754 and \$1,824, respectively) and non-recurring expenses for the joint venture (\$171) for the three months and year ended December 31, 2021.

The following are the cash flows provided by (used in) operating, investing and financing activities for the year ended December 31, 2022 and 2021 (in thousands):

	<u>2022</u>	<u>2021</u>
Operating Activities	\$ (7,983)	\$ 65,163
Investing Activities	(124,121)	(94,364)
Financing Activities	47,954	125,634

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Source: UMH Properties, Inc.