



NEWS RELEASE

UMH PROPERTIES, INC. REPORTS RESULTS FOR THE FIRST QUARTER ENDED MARCH 31, 2023

5/9/2023

FREEHOLD, NJ, May 09, 2023 (GLOBE NEWSWIRE) -- UMH Properties, Inc. (NYSE:UMH) (TASE:UMH) reported Total Income for the quarter ended March 31, 2023 of \$52.6 million as compared to \$45.9 million for the quarter ended March 31, 2022, representing an increase of 15%. Net Loss Attributable to Common Shareholders amounted to \$5.3 million or \$0.09 per diluted share for the quarter ended March 31, 2023 as compared to a Net Loss of \$4.3 million or \$0.09 per diluted share for the quarter ended March 31, 2022.

Funds from Operations Attributable to Common Shareholders ("FFO"), was \$10.6 million or \$0.18 per diluted share for the quarter ended March 31, 2023 as compared to \$8.5 million or \$0.16 per diluted share for the quarter ended March 31, 2022, representing a 13% per diluted share increase. Normalized Funds from Operations Attributable to Common Shareholders ("Normalized FFO"), was \$11.7 million or \$0.20 per diluted share for the quarter ended March 31, 2023, as compared to \$10.4 million or \$0.19 per diluted share for the quarter ended March 31, 2022, representing a 5% per diluted share increase.

A summary of significant financial information for the three months ended March 31, 2023 and 2022 is as follows (in thousands except per share amounts):

For the Three Months Ended
March 31,

2023

2022

Total Income	\$	52,607	\$	45,868
Total Expenses	\$	45,240	\$	37,824
Gain (Loss) on Sales on Marketable Securities, net	\$	(42)	\$	30,721
Decrease in Fair Value of Marketable Securities	\$	(2,395)	\$	(31,750)
Net Loss Attributable to Common Shareholders	\$	(5,297)	\$	(4,325)
per Diluted Common Share	\$	(0.09)	\$	(0.09)
FFO (1)	\$	10,640	\$	8,544
FFO (1) per Diluted Common Share	\$	0.18	\$	0.16
Normalized FFO (1)	\$	11,720	\$	10,413
Normalized FFO (1) per Diluted Common Share	\$	0.20	\$	0.19
Diluted Weighted Average Shares Outstanding		59,085		52,301

A summary of significant balance sheet information as of March 31, 2023 and December 31, 2022 is as follows (in thousands):

	March 31, 2023	December 31, 2022
Gross Real Estate Investments	\$ 1,420,267	\$ 1,391,588
Marketable Securities at Fair Value	\$ 39,285	\$ 42,178
Total Assets	\$ 1,370,341	\$ 1,344,596
Mortgages Payable, net	\$ 460,943	\$ 508,938
Loans Payable, net	\$ 191,102	\$ 153,531
Bonds Payable, net	\$ 99,419	\$ 99,207
Total Shareholders' Equity	\$ 591,394	\$ 551,196

Samuel A. Landy, President and CEO, commented on the results of the first quarter of 2023.

"We are pleased to announce another solid quarter of operating results and an excellent start to 2023. During the quarter, we:

- Increased Rental and Related Income by 9%;
- Increased Sales of Manufactured Homes by 70%;
- Increased Community Net Operating Income ("NOI") by 7%;
- Increased Same Property NOI by 6%;
- Increased Same Property Occupancy by 100 basis points from 86.0% to 87.0%;
- Decreased our Same Property expense ratio sequentially from 42.6% in the fourth quarter of 2022 to 42.1% at quarter end;
- Increased our rental home portfolio by 230 homes from yearend 2022 to approximately 9,300 total rental homes, representing an increase of 3%;
- Acquired one newly developed community containing 118 homesites for a total cost of approximately \$3.7

million through our qualified opportunity zone fund;

- Raised our quarterly common stock dividend by 2.5% to \$0.205 per share or \$0.82 annually;
- Amended our unsecured credit facility to expand available borrowings from \$100 million to \$180 million;
- Issued and sold approximately 2.1 million shares of Common Stock through our At-the-Market Sale Program at a weighted average price of \$16.83 per share, generating gross proceeds of \$34.8 million and net proceeds of \$34.3 million, after offering expenses;
- Issued and sold approximately 874,000 shares of Series D Preferred Stock through our At-the-Market Sale Programs at a weighted average price of \$22.52 per share, generating gross proceeds of \$19.7 million and net proceeds of \$19.3 million, after offering expenses;
- Subsequent to year end, issued and sold approximately 688,000 shares of Common Stock through our At-the-Market Sale Programs at a weighted average price of \$15.03 per share, generating gross proceeds of \$10.3 million and net proceeds of \$10.2 million, after offering expenses; and
- Subsequent to year end, issued and sold approximately 278,000 shares of Series D Preferred Stock through our At-the-Market Sale Program at a weighted average price of \$21.76 per share, generating gross proceeds of \$6.0 million and net proceeds of \$5.9 million, after offering expenses."

Mr. Landy stated, "Demand for affordable housing in our markets remains robust. During the quarter, we converted 230 homes in inventory to rental units and increased our sales of manufactured homes by 70%. This generated a 100-basis point improvement in same property occupancy, but it is not fully reflected in our first quarter revenue as the majority of the occupancy gains occurred in March. This increase in occupancy, together with rent increases implemented in the first quarter, generated an increase in monthly rental charges of approximately \$550,000 as of April 1, 2023, compared to January 1, 2023."

"Our homes in inventory are located in high demand areas that will allow us to achieve rapid occupancy gains through the infill of rental units. It will also allow us to generate additional sales and sales profits. Our sales results for the quarter were exceptional. Our gross margin improved from 30% to 32% year over year and our net sales income increased by 129% despite the elevated interest expense."

"Our same property operating results are in line with our expectations. Revenue for the quarter increased by 6.1% with 6.8% expense growth and 5.6% NOI growth. Our occupancy gains during the quarter and our availability of inventory in good locations give us the ability to achieve high single digit NOI growth this year."

"One year ago, our results were impacted by a lack of inventory for sale and rent which resulted in limited revenue growth for most of last year. We now have new home inventory in place that will allow us to drive significant earnings growth this year. Interest costs are currently impacting our results, but backlogs have subsided. This change will allow us to order, receive and fully set up homes within two to four months of ordering them which will dramatically reduce our need to carry inventory and reduce our interest expense."

“We have a proven business plan that has and should continue to generate long-term value for our shareholders.”

UMH Properties, Inc. will host its First Quarter 2023 Financial Results Webcast and Conference Call. Senior management will discuss the results, current market conditions and future outlook on Wednesday, May 10, 2023, at 10:00 a.m. Eastern Time.

The Company's 2023 first quarter 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 webcast icon on the homepage of the Company's website at **www.umh.reit**, in the Upcoming Events section. 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, May 10, 2023, and can be accessed by dialing toll free 877-344-7529 (domestically) and 412-317-0088 (internationally) and entering the passcode 7162415. 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, Maryland, Michigan, 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 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 amortization and 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 diluted weighted shares outstanding used in the calculation of FFO per Diluted Common Share and Normalized FFO per Diluted Common Share were 59.8 million shares for the three months ended March 31, 2023 and 53.7 million shares for the three months ended March 31, 2022. Common stock equivalents resulting from stock options in the amount of 682,000 shares for the three months ended March 31, 2023 and 1.4 million shares for the three months ended March 31, 2022 were excluded from the computation of Diluted Net Loss per Share as their effect would have been anti-dilutive.

The reconciliation of the Company's U.S. GAAP net loss to the Company's FFO and Normalized FFO for the three

months ended March 31, 2023 and 2022 are calculated as follows (in thousands):

	Three Months Ended	
	March 31, 2023	March 31, 2022
Net Loss Attributable to Common Shareholders	\$ (5,297)	\$ (4,325)
Depreciation Expense	13,373	11,717
Depreciation Expense from Unconsolidated Joint Venture	159	81
(Gain) Loss on Sales of Investment Property and Equipment	(32)	42
Decrease in Fair Value of Marketable Securities	2,395	31,750
(Gain) Loss on Sales of Marketable Securities, net	42	(30,721)
FFO Attributable to Common Shareholders	10,640	8,544
Redemption of Preferred Stock (2)	-0-	1,032
Amortization of Financing Costs(2)	518	406
Non-Recurring Other Expense (3)	562	431
Normalized FFO Attributable to Common Shareholders (2)	\$ 11,720	\$ 10,413

Normalized FFO as previously reported for the three months ended March 31, 2022, was \$8,975, or \$0.17 per diluted share. During 2022, the Company incurred the carrying cost of excess cash for the redemption of preferred stock. Additionally, due to the change in sources of capital, amortization expense is expected to become more significant and is therefore included as an adjustment to Normalized FFO for the three months ended March 31, 2023 and 2022. After making these adjustments for the three months ended March 31, 2022, Normalized FFO was \$10,413, or \$0.19 per diluted share.

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 non-recurring expenses for the joint venture with Nuveen (\$47), one-time legal fees (\$20), fees related to the establishment of the OZ Fund (\$33), and costs associated with an acquisition that was not completed (\$31) for the three months ended March 31, 2023. Consists of special bonus and restricted stock grants for the August 2020 groundbreaking Fannie Mae financing, which are being expensed over the vesting period for the three months ended March 31, 2022.

The following are the cash flows provided by (used in) operating, investing and financing activities for the three months ended March 31, 2023 and 2022 (in thousands):

	2023	2022
Operating Activities	\$ 12,940	\$ 5,608
Investing Activities	(40,195)	34,617
Financing Activities	29,440	138,461

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Source: UMH Properties, Inc.