



NEWS RELEASE

## UMH PROPERTIES, INC. REPORTS RESULTS FOR THE SECOND QUARTER ENDED JUNE 30, 2023

8/8/2023

FREEHOLD, NJ, Aug. 08, 2023 (GLOBE NEWSWIRE) -- UMH Properties, Inc. (NYSE:UMH) (TASE:UMH) reported Total Income for the quarter ended June 30, 2023 of \$55.3 million as compared to \$49.2 million for the quarter ended June 30, 2022, representing an increase of 12.3%. Net Loss Attributable to Common Shareholders amounted to \$4.4 million or \$0.07 per diluted share for the quarter ended June 30, 2023 as compared to a Net Loss of \$22.5 million or \$0.41 per diluted share for the quarter ended June 30, 2022. Normalized Funds from Operations Attributable to Common Shareholders ("Normalized FFO"), was \$13.0 million or \$0.21 per diluted share for the quarter ended June 30, 2023, as compared to \$12.0 million or \$0.22 per diluted share for the quarter ended June 30, 2022, and \$11.7 million or \$0.20 for the quarter ended March 31, 2023, representing a 4.5% per diluted share increase sequentially.

A summary of significant financial information for the three and six months ended June 30, 2023 and 2022 is as follows (in thousands except per share amounts):

	Three Months Ended June 30,	
	2023	2022
Total Income	\$ 55,290	\$ 49,223
Total Expenses	\$ 46,371	\$ 41,258
Net Loss Attributable to Common Shareholders	\$ (4,418)	\$ (22,478)
Net Loss Attributable to Common Shareholders per Diluted Common Share	\$ (0.07)	\$ (0.41)
FFO (1)	\$ 12,043	\$ (320)
FFO (1) per Diluted Common Share	\$ 0.19	\$ (0.01)
Normalized FFO (1)	\$ 13,049	\$ 12,026
Normalized FFO (1) per Diluted Common Share	\$ 0.21	\$ 0.22

Diluted Weighted Average Shares Outstanding

61,236

54,215

	Six Months Ended June 30,	
	2023	2022
Total Income	\$ 107,897	\$ 95,091
Total Expenses	\$ 91,611	\$ 79,082
Net Loss Attributable to Common Shareholders	\$ (9,715)	\$ (26,803)
Net Loss Attributable to Common Shareholders per Diluted Common Share	\$ (0.16)	\$ (0.50)
FFO (1)	\$ 22,683	\$ 8,224
FFO (1) per Diluted Common Share	\$ 0.37	\$ 0.15
Normalized FFO (1)	\$ 24,769	\$ 22,439
Normalized FFO (1) per Diluted Common Share	\$ 0.41	\$ 0.41
Diluted Weighted Average Shares Outstanding	60,186	53,224

A summary of significant balance sheet information as of June 30, 2023 and December 31, 2022 is as follows (in thousands):

	June 30, 2023	December 31, 2022
Gross Real Estate Investments	\$ 1,466,344	\$ 1,391,588
Total Assets	\$ 1,393,869	\$ 1,344,596
Mortgages Payable, net	\$ 444,797	\$ 508,938
Loans Payable, net	\$ 182,434	\$ 153,531
Bonds Payable, net	\$ 99,631	\$ 99,207
Total Shareholders' Equity	\$ 637,867	\$ 551,196

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

"We are pleased to announce another solid quarter of operating results. During the quarter, we:

- Increased Rental and Related Income by 11.4%;
- Increased Sales of Manufactured Homes by 17.6%;
- Increased Community Net Operating Income ("NOI") by 16.0%;
- Increased Same Property NOI by 12.6%;

- Increased Same Property Occupancy by 190 basis points from 86.0% to 87.9%;
- Improved our Same Property expense ratio from 42.0% in the second quarter of 2022 to 40.1% at quarter end;
- Increased our rental home portfolio by 304 homes from March 31, 2023 and 534 homes from yearend 2022 to approximately 9,600 total rental homes, representing an increase of 5.9%;
- Entered into a \$25 million term loan and a \$25 million line of credit secured by rental homes and their leases;
- Issued and sold approximately 2.9 million shares of Common Stock through our At-the-Market Sale Programs at a weighted average price of \$15.61 per share, generating gross proceeds of \$45.1 million and net proceeds of \$44.2 million, after offering expenses;
- Issued and sold approximately 712,000 shares of Series D Preferred Stock through our At-the-Market Sale Program at a weighted average price of \$21.85 per share, generating gross proceeds of \$15.6 million and net proceeds of \$15.3 million, after offering expenses;
- Subsequent to quarter end, expanded our revolving line of credit from \$20 million to \$35 million;
- Subsequent to quarter end, paid down approximately \$35 million on our floorplan inventory financing revolving lines of credit;
- Subsequent to quarter end, issued and sold approximately 2.1 million shares of Common Stock through our At-the-Market Sale Program at a weighted average price of \$16.23 per share, generating gross proceeds of \$34.8 million and net proceeds of \$34.3 million, after offering expenses; and
- Subsequent to quarter end, issued and sold approximately 351,000 shares of Series D Preferred Stock through our At-the-Market Sale Program at a weighted average price of \$21.55 per share, generating gross proceeds of \$7.6 million and net proceeds of \$7.5 million, after offering expenses."

Mr. Landy stated, "UMH occupancy and revenue growth are meeting our expectations. Our communities are experiencing strong demand which is translating to increased occupancy, revenue, and NOI growth. The strength of our operating results has increased our bottom line results as evidenced by our sequential Normalized FFO growth. Normalized FFO for the second quarter of 2023 was \$0.21 per share as compared to \$0.20 per share in the first quarter."

During 2023, same property NOI increased by 12.6% for the quarter and 9.1% for the first six months, compared to the corresponding prior year periods. This increase was driven by an increase in rental and related income of 9.0% and 7.6% for the three and six months, respectively, partially offset by an increase in same property expenses of 4.2% and 5.5%, respectively. The growth in rental and related income is primarily attributed to a strong increase in occupancy of 452 units and rental rate increases of 4.7%. Same property occupancy is now 87.9% as compared to 86.0% last year, representing an increase of 190 basis points."

"We have made substantial progress obtaining, setting up and filling our inventory homes. Our inventory levels

were higher than usual which resulted in increased carrying costs, including the high rate interest expense associated with our floorplan lines. We have been reducing the balance on the floorplan lines and subsequent to quarter end, we have paid down approximately \$35.0 million on these lines, the current balance is approximately \$4.1 million. We continued to reduce our inventory and year to date, we have sold 82 new homes versus 59 in the prior year and converted over 600 new homes to occupied rentals. This has contributed to a \$47.0 million increase in cash flows from operating activities for the six months ended June 30, 2023.”

“Our sales for the quarter increased from \$7.0 million to \$8.2 million, representing an increase of 17.6%. Year to date, sales have increased from \$11.3 million to \$15.5 million, representing an increase of 37.6%.”

“UMH continues to execute on our long-term business plan. We maintain a strong balance sheet to ensure that we can execute our plan. We raise capital by issuing a combination of equity, debt and perpetual preferred equity to invest in value-add acquisitions, expansions, and greenfield development. These investments take time to become accretive but allow us to generate excellent long-term returns, in excess of what is available in the stabilized acquisition market. We analyze every investment with a long-term view. This strategy has allowed us to build a first-class portfolio of manufactured housing communities that deliver shareholders a resilient and growing dividend, greater scale, and improved net asset value per share.”

UMH Properties, Inc. will host its Second Quarter 2023 Financial Results Webcast and Conference Call. Senior management will discuss the results, current market conditions and future outlook on Wednesday, August 9, 2023, at 10:00 a.m. Eastern Time.

The Company's 2023 second quarter financial results being released herein will be available on the Company's website at [www.umh.reit](http://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](http://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, August 9, 2023, and can be accessed by dialing toll free 877-344-7529 (domestically) and 412-317-0088 (internationally) and entering the passcode 2526307. A transcript of the call and the webcast replay will be available at the Company's website, [www.umh.reit](http://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 61.8 million and 60.8 million shares for the three and six months ended June 30, 2023, respectively, and 55.2 million and 54.2 million shares for the three and six months ended June 30, 2022, respectively. Common stock equivalents resulting from stock options in the amount of 524,000 and 658,000 shares for the three and six months ended June 30, 2023, respectively, were excluded from the computation of the Diluted Net Loss per Share as their effect would be anti-dilutive. Common stock equivalents resulting from stock options in the amount of 955,000 and 1.0 million shares for the three and six months ended June 30, 2022, respectively, were excluded from the computation of the Diluted Net Loss per Share as their effect would be anti-dilutive.

The reconciliation of the Company's U.S. GAAP net loss to the Company's FFO and Normalized FFO for the three and six months ended June 30, 2023 and 2022 are calculated as follows (in thousands):

	Three Months Ended		Six Months Ended	
	6/30/23	6/30/22	6/30/23	6/30/22
Net Loss Attributable to Common Shareholders	\$ (4,418)	\$ (22,478)	\$ (9,715)	\$ (26,803)
Depreciation Expense	13,751	11,984	27,124	23,701
Depreciation Expense from Unconsolidated Joint Venture	166	86	325	167
(Gain) Loss on Sales of Depreciable Assets	(5)	44	(37)	86
Decrease in Fair Value of Marketable Securities	2,548	10,044	4,943	41,794
(Gain) Loss on Sales of Marketable Securities, net	1	-0-	43	(30,721)
FFO Attributable to Common Shareholders	12,043	(320)	22,683	8,224
Redemption of Preferred Stock (2)	-0-	10,988	-0-	12,020
Amortization of Financing Costs(2)	538	533	1,056	939
Non-Recurring Other Expense (3)	468	825	1,030	1,256
Normalized FFO Attributable to Common Shareholders (2)	\$ 13,049	\$ 12,026	\$ 24,769	\$ 22,439

(2) Normalized FFO as previously reported for the three and six months ended June 30, 2022, was \$8,695, or \$0.16 per diluted share and \$17,670, or \$0.33 per diluted share, respectively. 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 and six months ended June 30, 2023 and 2022. After making these adjustments for the three and six months ended June 30, 2022, Normalized FFO was \$12,026, or \$0.22 per diluted share and

\$22,439, or \$0.41 per diluted share, respectively.

(3) 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 \$862, respectively) and non-recurring expenses for the joint venture with Nuveen (\$3 and \$50, respectively), one-time legal fees (\$30 and \$50, respectively), fees related to the establishment of the UMH OZ Fund, LLC (\$4 and \$37, respectively), and costs associated with an acquisition that was not completed (\$0 and \$31, respectively) for the three and six months ended June 30, 2023. Consists of special bonus and restricted stock grants for the August groundbreaking Fannie Mae financing, which are being expensed over the vesting period (\$431 and \$862, respectively) and non-recurring expenses for the joint venture with Nuveen (\$52), early extinguishment of debt (\$193) and one-time legal fees (\$149) for the three and six months ended June 30, 2022.

The following are the cash flows provided by (used in) operating, investing and financing activities for the six months ended June 30, 2023 and 2022 (in thousands):

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	2023	2022
Operating Activities	\$ 52,425	\$ 5,415
Investing Activities	(93,819)	871
Financing Activities	49,706	153,701

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Source: UMH Properties, Inc.