



NEWS RELEASE

UMH PROPERTIES, INC. REPORTS RESULTS FOR THE SECOND QUARTER ENDED JUNE 30, 2024

8/6/2024

FREEHOLD, NJ, Aug. 06, 2024 (GLOBE NEWSWIRE) -- UMH Properties, Inc. (NYSE:UMH) (TASE:UMH) reported Total Income for the quarter ended June 30, 2024 of \$60.3 million as compared to \$55.3 million for the quarter ended June 30, 2023, representing an increase of 9%. Net Income Attributable to Common Shareholders amounted to \$527,000 or \$0.01 per diluted share for the quarter ended June 30, 2024 as compared to a Net Loss of \$4.4 million or \$0.07 per diluted share for the quarter ended June 30, 2023. Normalized Funds from Operations Attributable to Common Shareholders ("Normalized FFO"), was \$16.8 million or \$0.23 per diluted share for the quarter ended June 30, 2024, as compared to \$13.0 million or \$0.21 per diluted share for the quarter ended June 30, 2023, representing a 10% per diluted share increase.

A summary of significant financial information for the three and six months ended June 30, 2024 and 2023 is as follows (in thousands except per share amounts):

	Three Months Ended	
	June 30,	
	2024	2023
Total Income	\$ 60,328	\$ 55,290
Total Expenses	\$ 49,307	\$ 46,371
Net Income (Loss) Attributable to Common Shareholders	\$ 527	\$ (4,418)
Net Income (Loss) Attributable to Common Shareholders per Diluted Common Share	\$ (0.01)	\$ (0.07)
FFO (1)	\$ 16,182	\$ 12,043
FFO (1) per Diluted Common Share	\$ 0.23	\$ 0.19
Normalized FFO (1)	\$ 16,807	\$ 13,049
Normalized FFO (1) per Diluted Common Share	\$ 0.23	\$ 0.21

Basic Weighted Average Shares Outstanding	71,418	61,236
Diluted Weighted Average Shares Outstanding	71,884	61,760

	Six Months Ended June 30,	
	2024	2023
Total Income	\$ 118,008	\$ 107,897
Total Expenses	\$ 97,715	\$ 91,611
Net Loss Attributable to Common Shareholders	\$ (5,737)	\$ (9,715)
Net Loss Attributable to Common Shareholders per Diluted Common Share	\$ (0.08)	\$ (0.16)
FFO (1)	\$ 30,228	\$ 22,683
FFO (1) per Diluted Common Share	\$ 0.43	\$ 0.37
Normalized FFO (1)	\$ 31,824	\$ 24,769
Normalized FFO (1) per Diluted Common Share	\$ 0.45	\$ 0.41
Basic Weighted Average Shares Outstanding	70,291	60,186
Diluted Weighted Average Shares Outstanding	70,700	60,844

A summary of significant balance sheet information as of June 30, 2024 and December 31, 2023 is as follows (in thousands):

	June 30, 2024	December 31, 2023
Gross Real Estate Investments	\$ 1,574,196	\$ 1,539,041
Marketable Securities at Fair Value	\$ 28,673	\$ 34,506
Total Assets	\$ 1,441,295	\$ 1,427,577
Mortgages Payable, net	\$ 491,030	\$ 496,483
Loans Payable, net	\$ 77,367	\$ 93,479
Bonds Payable, net	\$ 100,479	\$ 100,055
Total Shareholders' Equity	\$ 743,980	\$ 706,794

Samuel A. Landy, President and CEO, commented on the results of the second quarter of 2024.

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

- Increased Rental and Related Income by 9%;
- Increased Sales of Manufactured Homes by 7%;

- Increased Community Net Operating Income ("NOI") by 11%;
- Increased Same Property NOI by 11%;
- Increased Same Property Occupancy by 130 basis points from 86.4% to 87.7%;
- Improved our Same Property expense ratio by 110 basis points from 40.4% in the second quarter of 2023 to 39.3% at quarter end;
- Amended our unsecured credit facility to expand available borrowings by \$80 million from \$180 million to \$260 million syndicated with BMO Capital Markets Corp., JPMorgan Chase Bank, NA and Wells Fargo, N.A;
- For the fourth time since 2020, raised our quarterly common stock dividend by \$0.01 representing a 4.9% increase to \$0.215 per share or \$0.86 annually;
- Issued and sold approximately 2.4 million shares of Common Stock through our At-the-Market Sale Program at a weighted average price of \$15.46 per share, generating gross proceeds of \$36.9 million and net proceeds of \$36.1 million, after offering expenses;
- Issued and sold approximately 29,000 shares of Series D Preferred Stock through our At-the-Market Sale Program at a weighted average price of \$23.18 per share, generating gross proceeds of \$670,000 and net proceeds of \$659,000, after offering expenses;
- Subsequent to quarter end, issued and sold approximately 765,000 shares of Common Stock through our At-the-Market Sale Program at a weighted average price of \$16.94 per share, generating net proceeds of \$12.8 million, after offering expenses; and
- Subsequent to quarter end, issued and sold approximately 150,000 shares of Series D Preferred Stock through our At-the-Market Sale Program at a weighted average price of \$23.01 per share, generating net proceeds of \$3.4 million, after offering expenses."

Mr. Landy stated, "UMH is pleased to report that Normalized FFO for the second quarter increased to \$0.23 from \$0.21 last year, representing an increase of approximately 10%. Sequentially, Normalized FFO increased from \$0.22 to \$0.23, representing an increase of approximately 5%. UMH has intentionally acquired value-added communities with vacant sites over the past 10 years. We have been improving the communities through our capital improvements, adding approximately 800 homes per year and selling 200 homes per year. These investments have added to the supply of affordable housing and generated best-in-class operating results.

"Our same property operating results continue to demonstrate the effectiveness of our business plan. Same property NOI increased by 11.0% for the quarter and 13.2% for the first six months, compared to the corresponding prior year periods. UMH has now increased same property NOI by double digits for four consecutive quarters. This increase was driven by an increase in rental and related income of 9.0% and 9.7% for the three and six months, respectively, partially offset by an increase in same property expenses of 6.1% and 4.8%, respectively. The growth in rental and related income is primarily attributed to a strong increase in occupancy of 380 units and rental rate increases of 4.9%.

"Our sales for the quarter increased from \$8.2 million to \$8.8 million, representing an increase of 7%. Notably, our gross margin increased from 30% last year to 38% this year. Sales demand remains strong, and we anticipate another solid quarter of profitable home sales in the third quarter.

"We are initiating guidance for the remainder of 2024, with Normalized FFO in a range of \$0.91-0.95 per diluted share for the full year, or \$0.93 at the midpoint. This represents approximately 8% annual normalized FFO growth at the midpoint over full year 2023 Normalized FFO of \$0.86 per diluted share.

"UMH continues to execute on our long-term business plan of acquiring communities. Our high-quality communities continue to experience strong demand for our products, which is translating to growing occupancy, net operating income and property value. Our 3,300 vacant sites and 2,200 acres of vacant land give us a runway to generate earnings growth for years to come. We maintain a strong balance sheet to ensure that we can execute our organic growth plan and be prepared when external acquisition opportunities become available. 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 2024 Financial Results Webcast and Conference Call. Senior management will discuss the results, current market conditions and future outlook on Wednesday, August 7, 2024, at 10:00 a.m. Eastern Time.

The Company's 2024 second 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, August 7, 2024, and can be accessed by dialing toll free 877-344-7529 (domestically) and 412-317-0088 (internationally) and entering the passcode 7242441. 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 136 manufactured home communities containing approximately 25,800 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 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. FFO and Normalized FFO, as calculated by the Company, may not be comparable to similarly titled measures reported by other REITs.

The diluted weighted shares outstanding used in the calculation of FFO per Diluted Common Share and Normalized FFO per Diluted Common Share were 71.9 million and 70.7 million shares for the three and six months ended June 30, 2024, respectively, and 61.8 million and 60.8 million shares for the three and six months ended June 30, 2023, respectively. Common stock equivalents resulting from stock options in the amount of 409,000 for the six months ended June 30, 2024, were excluded from the computation of the Diluted Net Loss per Share as their effect would be anti-dilutive. Common stock equivalents resulting from employee stock options to purchase 4.0 million shares of

common stock amounted to 466,000 shares, for the three months ended June 30, 2024, were included in the computation of Diluted Net Income per Share. 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.

The reconciliation of the Company's U.S. GAAP net income (loss) to the Company's FFO and Normalized FFO for the three and six months ended June 30, 2024 and 2023 are calculated as follows (in thousands):

	Three Months Ended		Six Months Ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Net Income (Loss) Attributable to Common Shareholders	\$ 527	\$ (4,418)	\$ (5,737)	\$ (9,715)
Depreciation Expense	15,001	13,751	29,742	27,124
Depreciation Expense from Unconsolidated Joint Venture	204	166	401	325
(Gain) Loss on Sales of Depreciable Assets	10	(5)	13	(37)
(Increase) Decrease in Fair Value of Marketable Securities	(3,338)	2,548	2,031	4,943
Loss on Sales of Marketable Securities, net	3,778	1	3,778	43
FFO Attributable to Common Shareholders	16,182	12,043	30,228	22,683
Amortization of Financing Costs	607	538	1,163	1,056
Non-Recurring Other Expense (a)	18	468	433	1,030
Normalized FFO Attributable to Common Shareholders	\$ 16,807	\$ 13,049	\$ 31,824	\$ 24,769

(a) Consists of non-recurring one-time legal fees (\$18 and \$51, respectively), and costs associated with the liquidation/sale of inventory in a particular sales center (\$0 and \$382, respectively) for the three and six months ended June 30, 2024. 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 OZ Fund (\$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.

The following are the cash flows provided by (used in) operating, investing and financing activities for the six months ended June 30, 2024 and 2023 (in thousands):

	2024		2023	
Operating Activities	\$	37,605	\$	53,002
Investing Activities		(58,758)		(94,396)
Financing Activities		7,598		49,706

(2)The following are the assumptions used in the 2024 Normalized FFO guidance:

- Rent increases of 5%;
- Occupancy of 400 rental units in the second half of 2024;
- Overall capital needs to fund rental home purchases, notes, expansions, and improvements of approximately \$110-\$120 million for the year;
- Includes the opportunistic sales of common and preferred stock through our ATM programs; and
- Excludes any potential acquisitions, dispositions, and development projects.

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Source: UMH Properties, Inc.