

UMH PROPERTIES, INC.

2020 ANNUAL REPORT



Our Vision

UMH Properties, Inc. has a 53-year history of providing quality, affordable housing for our Nation's workforce. UMH owns and operates a portfolio of manufactured home communities consisting of 126 communities with 23,800 developed homesites situated in ten states. Manufactured home communities satisfy a fundamental need – quality affordable housing. As home prices continue to rise and available home inventory continues to shrink, the supply of affordable housing becomes an ever-increasing concern. We are committed to being a part of the solution to America's affordable housing crisis.

UMH has long believed that we have an obligation to create sustainable and environmentally friendly communities that have a positive societal impact. Throughout our history, we have and continue to develop and invest in environmentally friendly initiatives that will conserve energy and natural resources. We build, upgrade and manage well-maintained communities that our residents are proud to call home. We believe in enriching the lives of the people impacted by our Company – our employees, our residents and our neighbors.



2020 YEAR IN REVIEW

Normalized FFO per Share Increase

11%



Manufactured Housing Institute
National Industry Awards

**2020 Sales Center of the Year
Sunny Acres Sales Center**



Same Store NOI Increase

15%

Increase in Sales
Over 5 Year Period

137%

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 A. LANDY
President and Chief Executive Officer
March 2021

LETTER FROM THE CHAIRMAN

If 2020 has taught us anything, it is to always expect and prepare for the unexpected. Countless well-run companies were pushed to the brink because of the impact that the COVID-19 pandemic had on our Nation's economy. Fortunately, over our 53-year history we have always positioned UMH to survive a black swan event. Our raising of \$78 million of our Series C and D Preferred Stock through our ATM program could not have been better timed. This capital gave management the tools to not only survive the pandemic, but to prosper. While many companies had to rely on bank lines to stay afloat, UMH was very well positioned with ample capital from this preferred raise and our securities portfolio to continue to invest in our communities and achieve our long-term goals.

Our platform and our asset class delivered exceptionally strong results this year. While many companies' income streams dried up, UMH was able to maintain our rent collections at pre-pandemic rates (approximately 98%) and improve our same property occupancy rate by 320 basis points to 86.8%. Overall community NOI increased 20% and same property NOI increased by 15% for the year. Our sales increased by 13% for the year and generated a profit of \$770,000. Moving forward, our business plan has provided a runway for organic growth for the next few years. We still have 3,700 vacant sites that we will fill with rental homes and homes for sale. This year, we were able to fill 718 sites in our same property portfolio. We also have 1,800 acres of vacant land that can be developed into approximately 7,300 additional home sites.

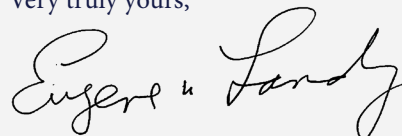
While we are proud of the community operating results, we were also able to make strides in refinancing our capital stack. During the year, we took advantage of historically low interest rates by financing 28 of our unencumbered communities generating proceeds of \$106 million at an interest rate of 2.62%. This capital was used to redeem our \$95 million of 8% Series B Preferred stock. This recapitalization will generate additional FFO of over \$5 million annually. In 2022, we can further reduce our cost of capital by recapitalizing \$250 million of our 6.75% Series C Preferred stock. Assuming refinancing at 4%, we can generate improved FFO of approximately \$7 million, or \$0.16 per share. In 2023, we can recapitalize \$160 million of

our Series D Preferred stock. Assuming refinancing at 4%, we can generate improved FFO of approximately \$3.5 million, or \$0.08 per share. These two items alone can increase our per share earnings by \$0.24, which can improve our share price by almost \$5 at a 20x multiple. We have several avenues available to us to complete these recapitalizations. As our earnings and stock price continue to rise, we may be in a position to replace our preferred equity with common equity or a lower coupon preferred. We are also working with the GSE's and private banks to obtain further acceptance of our rental program which will allow us to tap into the \$350 million of rental home equity that is on our balance sheet. In 2022 and 2023, UMH has a total of approximately \$100 million of existing mortgages coming due. Based on today's in place operating results, we can refinance these properties with \$200 million in new GSE mortgages. As the call date approaches, we will evaluate all of the options and determine what the best approach is to maintain and generate further long-term value for our shareholders.

Affordable housing will be a major issue in our country over the next few years. UMH and the manufactured housing industry are perfectly positioned to fill this need. In an era where ESG is a major factor in where capital is allocated, we believe that UMH deserves strong consideration. The mission statement of UMH is to provide quality affordable housing to all who need it. Affordable housing as a right has been recognized by the United Nations. The federal government, and most states, have also recognized it as a human right.

UMH has the wind at our back. Manufactured housing communities have never been in higher demand. Our portfolio of communities has never been more valuable. The plan we have set forth will generate substantial earnings growth and stock price appreciation. I am proud of the job that our President and CEO, Sam Landy, has done in building a platform and portfolio that is positioned to produce outstanding results for years to come. I am also proud of our team for their hard work and dedication during an unprecedented global health crisis.

Very truly yours,



EUGENE W. LANDY
Chairman of the Board
March 2021



VALLEY HILLS
Ravenna, OH

PROPERTY PORTFOLIO AND YEAR IN REVIEW



OUR ACCOMPLISHMENTS

“UMH has built over 800 manufactured home spaces, added over 8,000 rental homes and sold over 2,000 manufactured homes in the last decade. Since 2010, we have also acquired 98 communities consisting of approximately 17,000 lots. We are on a mission to provide quality affordable housing, improve the lives of our residents and create long-lasting value for our shareholders.”

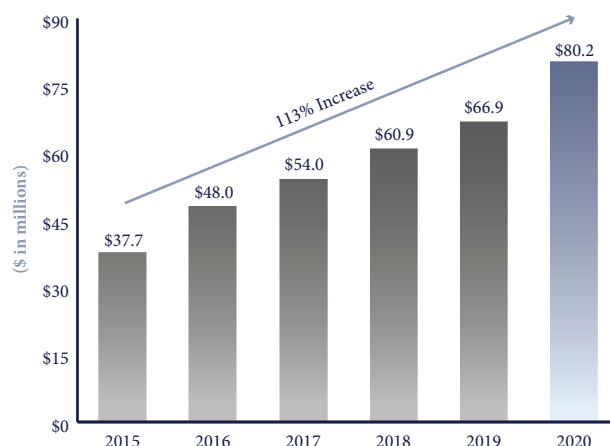
- Samuel A. Landy, President and Chief Executive Officer

2020 will be viewed as a transformational year for UMH Properties. Despite the uncertainty caused by COVID-19 we were able to generate exceptional results on all fronts. Our accomplishments during the year include:

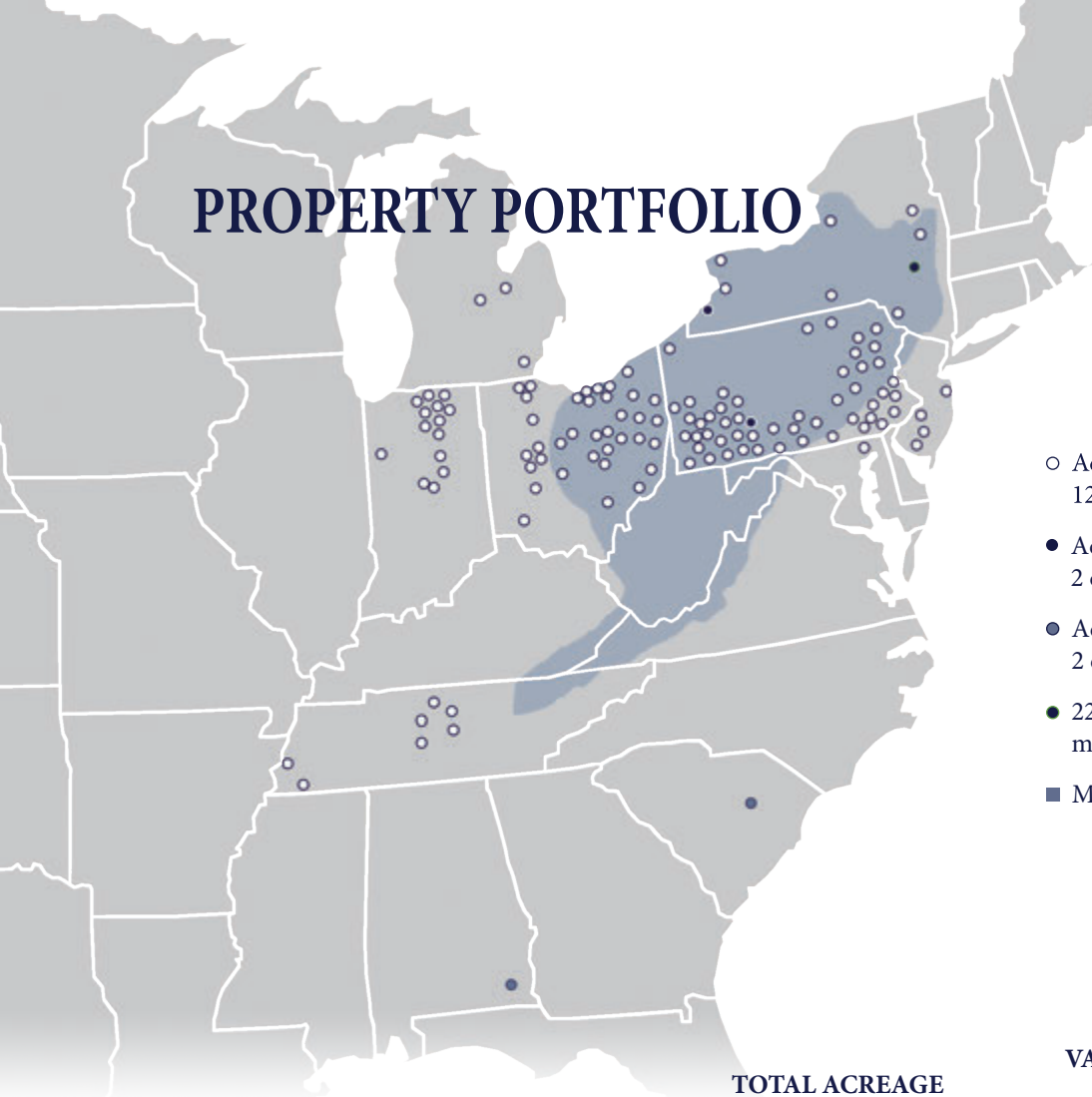
- Increased Rental and Related Income by 11%;
- Increased Community Net Operating Income (“NOI”) by 20%;
- Increased Normalized Funds from Operations (“Normalized FFO”) by 16% and Normalized FFO per share by 11%;
- Improved our Operating Expense ratio by 390 basis points to 44.1%;
- Increased Same Property NOI by 15%;
- Increased Same Property Occupancy by 718 sites from 83.6% to 86.8% or 320 basis points;
- Increased our rental home portfolio by 858 homes to approximately 8,300 total rental homes, representing an increase of 12%;
- Increased rental home occupancy by 230 basis points from 92.3% to 94.6%;
- Increased Sales of Manufactured Homes by 13%;
- Acquired two communities containing approximately 310 homesites for a total cost of approximately \$7.8 million;
- Completed the financing of 28 unencumbered communities with Fannie Mae for proceeds of approximately \$106 million, with a maturity of 10 years and a 30-year amortization at a fixed rate of 2.62%;
- Issued and sold approximately 135,000 shares of Common Stock through an At-the-Market Sale Program for our Common Stock at a weighted average price of \$14.60 per share, generating gross proceeds of \$2.0 million and net proceeds of \$1.7 million, after offering expenses;
- Issued and sold, through At-the-Market Sale Programs for our Preferred Stock, 134,000 shares of Series C Preferred Stock at a weighted average price of \$24.96 per share and 3.8 million shares of Series D Preferred Stock at a weighted average price of \$24.98 per share, generating total gross proceeds of \$97.8 million and total net proceeds of \$96.1 million, after offering expenses;
- Redeemed all 3.8 million issued and outstanding

- shares of our 8.0% Series B Cumulative Redeemable Preferred Stock for \$96.1 million with proceeds from our 2.62% Fannie Mae financing, resulting in a savings of over \$5 million annually;
- Reduced the weighted average interest rate on our mortgages payable from 4.1% to 3.8% year over year;
- Subsequent to year end, issued and sold 768,000 additional shares of Series D Preferred Stock at a weighted average price of \$24.80 per share through our At-the-Market Sale Program for our Preferred Stock, generating gross proceeds of \$19.1 million and net proceeds of \$18.8 million, after offering expenses;
- Subsequent to year end, acquired two communities containing approximately 340 homesites for a total cost of approximately \$8.0 million; and,
- Subsequent to year end, raised our dividend by 5.5% to an annualized rate of \$0.76 per share.

COMMUNITY NET OPERATING INCOME

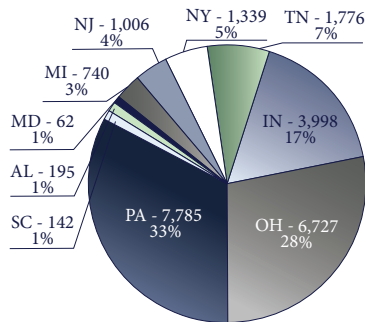


PROPERTY PORTFOLIO



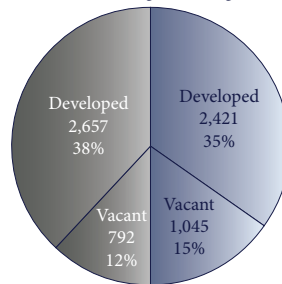
- Acquired prior to 2020
122 communities and 23,200 sites
- Acquired in 2020
2 communities and 300 sites
- Acquired in 2021
2 communities and 300 sites
- 220 acres to be developed into a manufactured home community
- Marcellus and Utica Shale Regions

SITES PER STATE
23,770 SITES

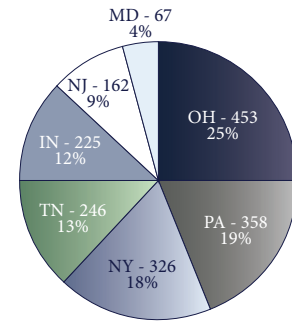


TOTAL ACREAGE
6,915 ACRES

■ Total Shale Region Acreage - 3,449
■ Total Non Shale Region Acreage - 3,466



VACANT ACREAGE PER STATE
1,837 ACRES



Over the years, UMH Properties, Inc. has strategically built an irreplaceable portfolio of manufactured housing communities. Our strong operating performance throughout the portfolio has given us the confidence to implement our proven business plan in new states. We have acquired our first communities in Alabama and South Carolina. We plan on further diversifying our portfolio by acquiring additional communities in new markets.

UMH Properties, Inc. owns approximately 3,400 acres in the Marcellus and Utica shale regions. This vast source of domestic energy will greatly reduce energy prices which will lower the cost of manufacturing in the Northeast and create new jobs in our regions. As the oil and gas industry continues to develop, we expect the local economies to further strengthen, resulting in even greater occupancy and rent growth.

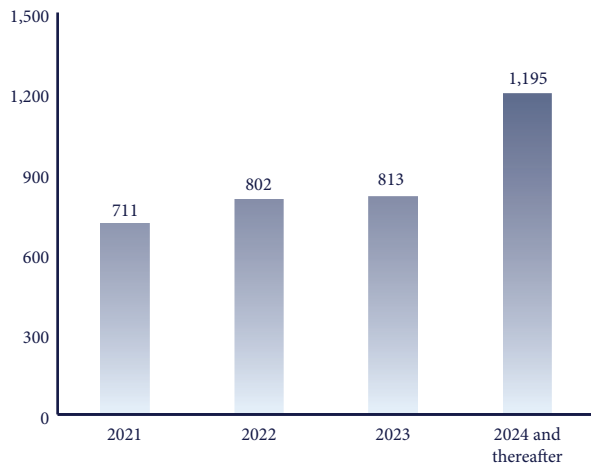
OUR COMPELLING VALUE-ADD BUSINESS PLAN

Since 2010, UMH has acquired 98 communities containing approximately 17,000 developed homesites. These communities were acquired with a blended occupancy rate of 74% for a total purchase price of \$516 million or \$30,000 per site. An important factor in this business plan is the strategic acquisition of communities with vacant sites in good markets. Immediately upon acquisition we begin to improve the infrastructure, common areas and amenities which results in clean, well-managed communities that our residents are proud to call home. As we complete the improvements at the property, we order new homes for sale and for rent. Our higher quality and affordability results in rapidly improving occupancy rates and ultimately better operating results. Each acquisition is unique and will require a slightly different plan and time horizon to achieve the results we expect. As a result of this business plan, we have generated double digit same property NOI growth for five quarters in a row.

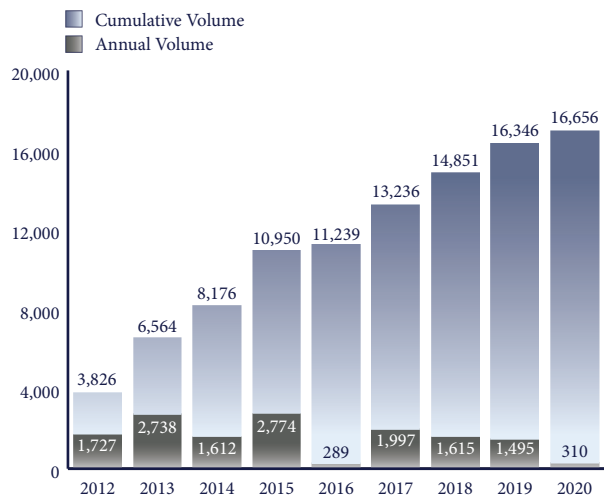
We have invested \$622 million in our acquisitions from 2010-2018, including all capital improvements and rental home investments. Using a current market cap-rate of 5%, these communities have increased in value by \$233 million or approximately 38%. These communities are yielding in excess of 8%. As we continue to increase our occupancy levels and operating results, these communities will rise in value accordingly.

Many of our communities also have vacant land adjoining them which can be developed into additional sites. We have 1,800 vacant acres which can potentially be developed into 7,300 home sites. The average cost to develop a homesite is approximately \$70,000. We expect to develop 400 or more sites in 2021. Home sales in expansions should generate sales profits of \$30,000 or more per home which helps to alleviate the cost to develop the site and increase our yield.

SITES ENGINEERED FOR EXPANSION



NUMBER OF ACQUIRED SITES



FAIRVIEW MANOR EXPANSION
Vineland, NJ





Samuel A. Landy, Anna T. Chew, Nelli Madden, Daniel Landy, UMH Properties, Inc. (from right to left)
 Jeffery R. Hayward, Fannie Mae's Executive Vice President and Chief Administrative Officer (on the right, attending virtually)
 Nick Bertino and Anthony J. Petosa, Wells Fargo's Managing Directors (on the left, attending virtually)
 Chris Taylor, NYSE's Vice President of Listings and Services (on the far right)

UMH'S GROUNDBREAKING FINANCING OPPORTUNITIES

“Fannie Mae’s innovative manufactured home communities loan provides us the added flexibility to purchase underperforming communities, create a market-based mix of ownership and rental housing, and maximize affordability for manufactured homeowners and renters.”

- Samuel A. Landy, President and Chief Executive Officer

UMH has proven that our business model generates significant property level value. We can realize this increase in value by financing or refinancing our communities to tap into the trapped equity within the property. The GSE's have historically provided best-in-class financing for stabilized communities with minimal rental homes. We have worked with the GSE's, MHI and HUD to familiarize them with the benefits provided by rental homes in manufactured housing communities. Our hard work is starting to produce results.

In August, we closed on the financing of 28 unencumbered communities generating proceeds of \$106 million at a rate of 2.62%. Fannie Mae issued waivers to allow us to include several communities with lower occupancy rates and to allow for a high percentage of the sites to be occupied by rental homes. This acceptance of rental homes solidifies the UMH business plan and allows us to continue our mission of providing quality affordable housing. The availability of

capital will allow us to acquire and turn around more communities, purchase and fill sites with rental homes where needed and generate improved earnings.

Our next step is to obtain reasonable financing on the rental homes themselves. Our position is that when the community owner owns both the home and the site, it should be considered one dwelling unit and the entire dwelling unit should be included in the loan as collateral.

In the interim, we have entered into a \$20 million line of credit, expandable to \$30 million, with First Bank that is secured by our rental homes and the income derived from them. This line is priced at prime + 25 basis points and is the most advantageous financing we have been able to obtain on rental homes to date. We anticipate growing this line in the future to create additional liquidity from the rental homes.



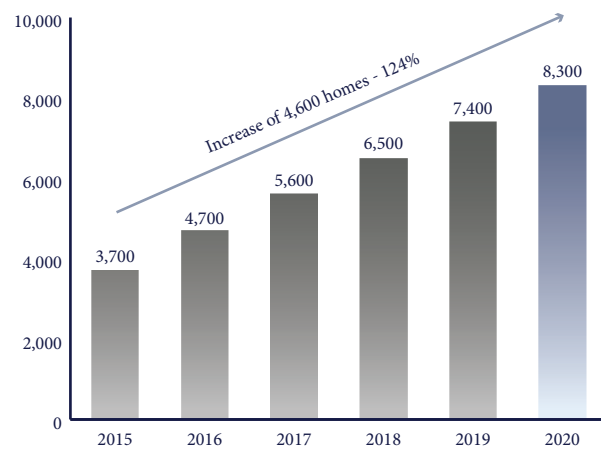
ALLENTOWN
Memphis, TN

THE SOLUTION TO QUALITY AFFORDABLE HOUSING

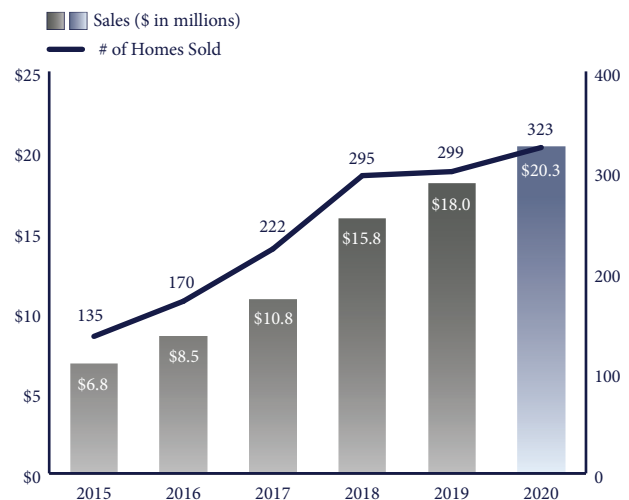
The affordable housing crisis is fundamentally a supply issue affecting our Nation's lowest earners, the demographic most negatively impacted by the extreme lack of housing, as reported by the NLIHC. Those at or below the poverty line need an additional 3.6 million units to match supply with households demanding affordable housing⁽¹⁾. Supply shortages are market wide as Freddie Mac reports that the country falls short of housing demand by 370,000 homes per year in addition to the obsolescence of roughly 350,000 homes. They estimate that 900,000 to 4 million new homes, with a base estimate of 2.5 million new homes, are needed to bring supply and demand in line⁽²⁾. An average of 1.6 million homes per year is required for a decade.

We believe the best way to solve the affordable housing crisis is to operate manufactured housing communities professionally, and we have done so for over 50 years. Across our portfolio, we can provide America's workforce with the housing it can afford; our average monthly rental home price is \$790, while site rent is \$461. We can achieve this through strategic value add communities in strong locations that increase in value with the right management and capital improvements. Value is shared with our residents as they see their home values increase and as the community becomes a more desirable place in which to live. The FHFA has debunked long-held misconceptions, proving that well-maintained manufactured homes in strong locations appreciate similarly to site-built homes⁽³⁾. We are often the only opportunity low-income families have to build equity and create wealth in their housing options.

GROWTH IN RENTAL HOME PORTFOLIO



INCREASE IN SALES



(1) National Low Income Housing Coalition, "The GAP: A Shortage of Affordable Housing", March 2020.

(2) Freddie Mac, "The Major Challenge of Inadequate U.S Housing Supply", December 2018.

(3) Federal Housing Finance Agency, "Highlights Manufactured House Price Index", August 2018.

ESG HIGHLIGHTS

Our commitment to ESG continues to grow as we regularly improve our sustainability practices and continue to uphold healthy corporate governance practices across the Company. Inherently within our DNA, our operations are more sustainable than traditional site-built multifamily developers through the homes we buy. This is because prefabrication leads to less toxic runoff, less waste due to exact ordering, and fewer carbon emissions during transportation are emitted. In stride with the entire manufactured housing industry, UMH recognizes its obligation to reduce the impact on the environment and conserve our natural resources. Some of our ESG highlights are shown below; however, a more in-depth analysis of our ESG matters can be found in our annual ESG report, which can be viewed at www.umh.reit.

- In 2020, we pushed online applications in order to save paper and promote healthy habits during the pandemic. In our first year, we successfully received 1,047 applicants, a continually increasing number.
- We have eight communities retrofitted for LED bulbs in our common areas, clubhouses and street light poles. This will result in a projected yearly watt decrease of about 5 times the current usage. Additionally, we plan to install smart thermostats in all of our clubhouses.
- We now have a total of 80 communities that are submetered. In 2018, we started billing and submetering in-house at 16 communities. At these locations, daily usage per home decreased by 24%. All the while, we have invested in leak detection technology and are continually upgrading our community infrastructure to conserve water.
- Many of the homes in our communities are Energy Star Certified and/or contain Energy Certified appliances. This reduces energy consumption and decreases resident expenses.
- We regularly support the community at large through charitable donations including: the Boy Scouts of America, Boys and Girls clubs, Special Strides and branches of our Armed Forces, including the U.S. Merchant Marine Academy.

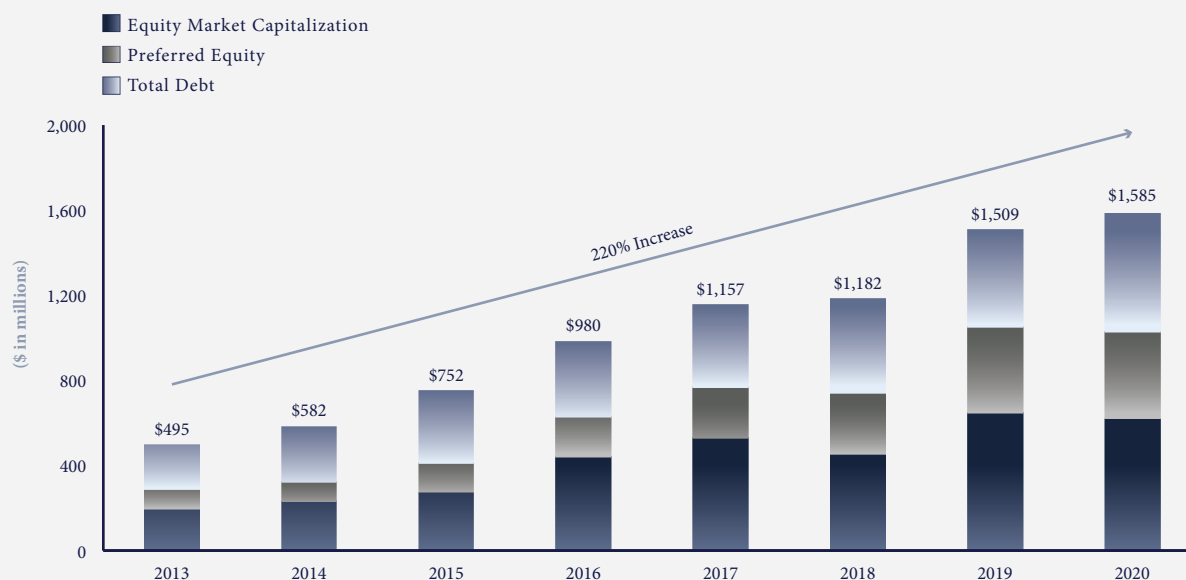


“ I am a healthcare worker that has been working many physical and emotionally draining hours. Sometimes I reach out to the community for assistance and the staff helps every time. I write this with tears in my eyes, as it has been so incredible to come home with one less worry. I truly cannot put into words how thankful I am for the staff here and the sense of community.

Scott W.
Forest Creek Resident 2020



COMPANY GROWTH



RECENT SHARE ACTIVITY

| | 2020 | | | 2019 | | |
|----------------|---------|---------|---------------|---------|---------|---------------|
| | High | Low | Distribution | High | Low | Distribution |
| First Quarter | \$16.64 | \$ 8.63 | \$0.18 | \$14.31 | \$11.37 | \$0.18 |
| Second Quarter | 14.17 | 10.32 | 0.18 | 14.38 | 12.24 | 0.18 |
| Third Quarter | 15.05 | 11.67 | 0.18 | 14.16 | 11.66 | 0.18 |
| Fourth Quarter | 16.67 | 13.11 | 0.18 | 16.32 | 14.09 | 0.18 |
| | | | <u>\$0.72</u> | | | <u>\$0.72</u> |

| | Share Volume | Opening Price | Closing Price | Dividend Paid | Total Return |
|------|--------------|---------------|---------------|---------------|--------------|
| 2020 | 39,971,900 | \$15.73 | \$14.81 | \$0.72 | -0.71% |
| 2019 | 40,567,400 | 11.84 | 15.73 | 0.72 | 40.21% |
| 2018 | 47,226,100 | 14.90 | 11.84 | 0.72 | -16.24% |
| 2017 | 40,160,500 | 15.05 | 14.90 | 0.72 | 3.69% |
| 2016 | 23,498,900 | 10.12 | 15.05 | 0.72 | 59.0% |
| 2015 | 17,683,400 | 9.55 | 10.12 | 0.72 | 14.1% |

UMH Properties, Inc. common shares are traded on the New York Stock Exchange (NYSE:UMH).

FINANCIAL HIGHLIGHTS

(dollars in thousands except per share amounts) (unaudited)

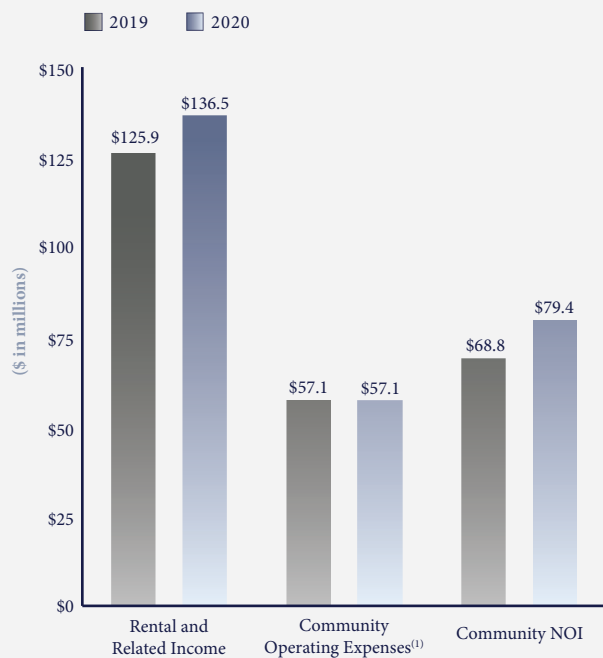
| Operating Information | December 31, 2020 | December 31, 2019 |
|---|-------------------|-------------------|
| Number of Communities | 124 | 122 |
| Number of Sites | 23,433 | 23,088 |
| Rental and Related Income | \$ 143,344 | \$ 128,611 |
| Community Operating Expenses | \$ 63,175 | \$ 61,708 |
| Community NOI | \$ 80,169 | \$ 66,903 |
| Expense Ratio | 44.1% | 48.0% |
| Sales of Manufactured Homes | \$ 20,265 | \$ 17,980 |
| Number of Homes Sold | 323 | 299 |
| Number of Rentals Added | 858 | 882 |
| Net Income ⁽¹⁾ | \$ 5,055 | \$ 27,750 |
| Net Income (Loss) Attributable to Common Shareholders ⁽¹⁾⁽²⁾ | \$ (29,759) | \$ 2,566 |
| Adjusted EBITDA | \$ 79,540 | \$ 67,681 |
| FFO Attributable to Common Shareholders | \$ 26,283 | \$ 24,573 |
| Normalized FFO Attributable to Common Shareholders | \$ 29,154 | \$ 25,207 |
| Shares Outstanding and Per Share Data | | |
| Weighted Average Shares Outstanding | | |
| Basic | 41,395 | 39,909 |
| Diluted | 41,395 | 40,203 |
| Net Income (Loss) Attributable to Common Shareholders per Share ⁽¹⁾⁽²⁾ | | |
| Basic | \$ (0.72) | \$ 0.07 |
| Diluted | \$ (0.72) | \$ 0.06 |
| FFO per Share - Diluted | \$ 0.63 | \$ 0.61 |
| Normalized FFO per Share - Diluted | \$ 0.70 | \$ 0.63 |
| Dividends per Common Share | \$ 0.72 | \$ 0.72 |
| Balance Sheet | | |
| Total Assets | \$ 1,087,214 | \$ 1,025,453 |
| Total Liabilities | \$ 585,406 | \$ 479,114 |
| Market Capitalization | | |
| Total Debt, Net of Unamortized Debt Issuance Costs | \$ 556,288 | \$ 457,344 |
| Equity Market Capitalization | \$ 620,819 | \$ 646,976 |
| Series B Preferred Stock | \$ 0 | \$ 95,030 |
| Series C Preferred Stock | \$ 247,100 | \$ 243,750 |
| Series D Preferred Stock | \$ 160,854 | \$ 66,268 |
| Total Market Capitalization | \$ 1,585,061 | \$ 1,509,368 |

(1) Includes increase (decrease) in fair value of marketable securities.

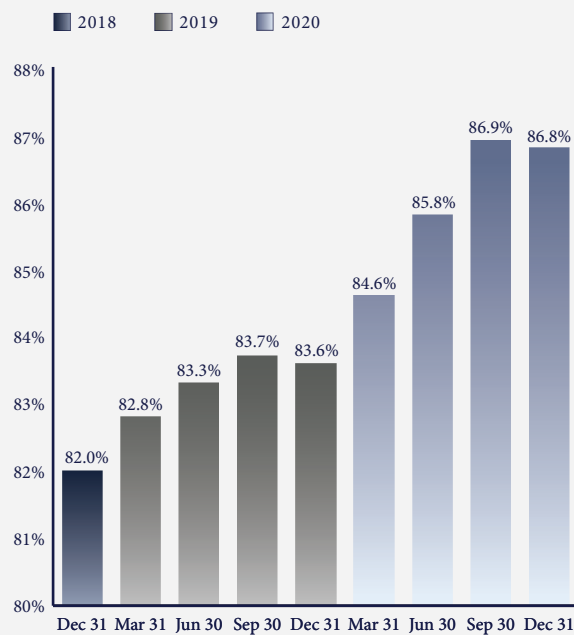
(2) Includes charges associated with redemption of preferred stock.

SAME PROPERTY STATISTICS

SAME PROPERTY PERFORMANCE



SAME PROPERTY OCCUPANCY



| | December 31, 2020 | December 31, 2019 |
|---|-------------------|-------------------|
| Total Sites | 21,530 | 21,503 |
| Occupied Sites | 18,698 | 17,980 |
| Occupancy % | 86.8% | 83.6% |
| Number of Properties | 118 | 118 |
| Total Rentals | 7,927 | 7,189 |
| Occupied Rentals | 7,511 | 6,671 |
| Rental Occupancy | 94.8% | 92.8% |
| Monthly Rent Per Site | 464 | 449 |
| Monthly Rent Per Home Including Site | 790 | 765 |

(1) Excludes a one-time settlement of a utility billing dispute of \$375,000 over a prior ten-year period and \$179,000 from emergency windstorm damage cleanup for the year ended December 31, 2019.



NEW YORK STOCK EXCHANGE
POST 7

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Tuesday, August 25, 2020

| | | | | | | | | |
|------|----------|--------|------|----------|-------|-------|--------|-------|
| INDU | 0.00 | 0.00 | SPX | 3,437.25 | 0.75 | VOLU | 0.00 | 0.00 |
| HP | 0.00 | 0.00 | SPX | 0.00 | 0.00 | VOLUB | 0.00 | 0.00 |
| NYSE | 0.00 | 0.00 | SPX | 3,427.50 | 34.90 | VOLUC | 0.00 | 0.00 |
| NYA | 0.00 | 0.00 | WTI | 43.38 | 0.76 | TRAN | 0.00 | 0.00 |
| UTL | 0.00 | 0.00 | BRNT | 45.94 | 0.81 | VIX | 22.20 | -0.17 |
| DIV | 0.00 | 0.00 | GOLD | 1,935.10 | -4.10 | YES | 0.00 | 0.00 |
| TNA | 0.00 | 0.00 | FANG | 5,302.30 | 40.32 | REIT | 0.00 | 0.00 |
| TYU | 129.11 | -4.41 | | | | XSD | 124.49 | 1.59 |
| RLX | 0.00 | 0.00 | | | | KBE | 0.00 | 0.00 |
| DIG | 0.00 | 0.00 | | | | GDX | 40.65 | -0.24 |
| FTSE | 6,097.13 | -11.60 | | | | | | |

UMH
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PROPERTIES, INC.

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PROPERTIES, INC.

COMPANY 10K

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K**

- ANNUAL REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2020
- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period _____ to _____

Commission File Number 001-12690

UMH Properties, Inc.

(Exact name of registrant as specified in its charter)

Maryland 22-1890929
(State or other jurisdiction of incorporation or organization) (I.R.S. Employer identification number)

3499 Route 9, Suite 3C, Freehold, New Jersey 07728
(Address of principal executive offices) (Zip code)

Registrant's telephone number, including area code (732) 577-9997

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class | Trading Symbol(s) | Name of exchange on which registered |
|--|-------------------|--------------------------------------|
| Common Stock, \$.10 par value | UMH | New York Stock Exchange |
| 6.75% Series C Cumulative Redeemable Preferred Stock, \$.10 par value | UMH PRC | New York Stock Exchange |
| 6.375% Series D Cumulative Redeemable Preferred Stock, \$.10 par value | UMH PRD | New York Stock Exchange |

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer
Non-accelerated filer Smaller reporting company
Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. Yes No

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

Based upon the assumption that directors and executive officers of the registrant are not affiliates of the registrant, the aggregate market value of the voting stock of the registrant held by nonaffiliates of the registrant at June 30, 2020 was \$534.0 million. Presuming that such directors and executive officers are affiliates of the registrant, the aggregate market value of the voting stock of the registrant held by nonaffiliates of the registrant at June 30, 2020 was \$497.9 million.

The number of shares outstanding of issuer's common stock as of March 5, 2021 was 42,371,157 shares.

Documents Incorporated by Reference:

-Part III incorporates certain information by reference from the Registrant's definitive proxy statement for the 2021 annual meeting of shareholders, which will be filed no later than 120 days after the close of the Registrant's fiscal year ended December 31, 2020.

-Exhibits incorporated by reference are listed in Part IV; Item 15 (a) (3).

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PART I

Item 1 – Business

General Development of Business

UMH Properties, Inc. (“UMH”), together with its predecessors and consolidated subsidiaries, are referred to herein as “we”, “us”, “our”, or “the Company”, unless the context requires otherwise.

UMH is a self-administered and self-managed qualified real estate investment trust (“REIT”) under Sections 856-860 of the Internal Revenue Code (the “Code”). The Company elected REIT status effective January 1, 1992 and intends to maintain its qualification as a REIT in the future. As a qualified REIT, with limited exceptions, the Company will not be taxed under Federal and certain state income tax laws at the corporate level on taxable income that it distributes to its shareholders. For special tax provisions applicable to REITs, refer to Sections 856-860 of the Code.

UMH was incorporated in the state of New Jersey in 1968. On September 29, 2003, UMH changed its state of incorporation from New Jersey to Maryland by merging with and into a Maryland corporation. Our executive office is located in Freehold, NJ.

Description of Business

The Company’s primary business is the ownership and operation of manufactured home communities – leasing manufactured homesites to private manufactured home owners. The Company also leases homes to residents, and through its wholly-owned taxable REIT subsidiary, UMH Sales and Finance, Inc. (“S&F”), conducts manufactured home sales in its communities.

During 2020, the Company purchased two communities totaling 310 homesites for a total purchase price of \$7.8 million. As of December 31, 2020, the Company owned and operated 124 manufactured home communities containing approximately 23,400 developed homesites. These communities are located in New Jersey, New York, Ohio, Pennsylvania, Tennessee, Indiana, Michigan and Maryland. Subsequent to year end, the Company purchased one community in Alabama and one community in South Carolina. The two communities acquired during 2021 contain a total of 337 homesites and were purchased for a total price of \$8.0 million.

A manufactured home community is designed to accommodate detached, single-family manufactured homes. These manufactured homes are produced off-site by manufacturers and installed on sites within the communities. These homes may be improved with the addition of features constructed on-site, including garages, screened rooms and carports. Manufactured homes are available in a variety of designs and floor plans, offering many amenities and custom options. Each manufactured home owner leases the site on which the home is located from the Company. Generally, the Company owns the underlying land, utility connections, streets, lighting, driveways, common area amenities and other capital improvements and is responsible for enforcement of community guidelines and maintenance.

Manufactured homes are accepted by the public as a viable and economically attractive alternative to conventional site-built single-family housing. The affordability of the modern manufactured home makes it a very attractive housing alternative. Depending on the region of the country, prices per square foot for a new manufactured home average up to 50 percent less than a comparable site-built home, excluding the cost of land. This is due to a number of factors, including volume purchase discounts, inventory control of construction materials and control of all aspects of the construction process, which is generally a more efficient and streamlined process as compared to a site-built home.

Modern residential land lease communities are similar to typical residential subdivisions containing central entrances, paved well-lit streets, curbs and gutters. Generally, modern manufactured home communities contain buildings for recreation, green areas, and other common area facilities, all of which are the property of the community owner. In addition to such general improvements, certain manufactured home communities include recreational

improvements such as swimming pools, tennis courts and playgrounds. Municipal water and sewer services are available in some manufactured home communities, while other communities supply these facilities on-site.

Typically, our leases are on an annual or month-to-month basis, and renewable upon the consent of both parties. The community manager interviews prospective residents, collects rent and finance payments, ensures compliance with community regulations, maintains common areas and community facilities and is responsible for the overall appearance of the community. The homeowner is responsible for the maintenance of the home and leased site. As a result, our capital expenditures tend to be less significant relative to multi-family rental apartments. Manufactured home communities produce predictable income streams and provide protection from inflation due to the ability to annually increase rents.

Many of our communities compete with other manufactured home community properties located in the same or nearby markets that are owned and operated by other companies in our business. We generally monitor the rental rates and other terms being offered by our competitors and consider this information as a factor in determining our own rental rates. In addition to competing with other manufactured home community properties, our communities also compete with alternative forms of housing (such as apartments and single-family homes).

In connection with the operation of its communities, UMH also leases homes to prospective tenants. As of December 31, 2020, UMH owned a total of 8,300 rental homes, representing approximately 35% of its developed homesites. These rental homes are owned by the Company and rented to residents. The Company engages in the rental of manufactured homes primarily in areas where the communities have existing vacancies. The rental homes produce income from both the home and the site which might otherwise be non-income producing.

Inherent in the operation of a manufactured home community is the development, redevelopment, and expansion of our communities. The Company sells and finances the sale of manufactured homes in our communities through S&F. S&F was established to potentially enhance the value of our communities. The home sales business is operated like other homebuilders with sales centers, model homes, an inventory of completed homes and the ability to supply custom designed homes based upon the requirements of the new homeowners. In addition, our sales centers earn a profit by selling homes to customers for placement on their own private land.

Investment and Other Policies

The Company may invest in improved and unimproved real property and may develop unimproved real property. Such properties may be located throughout the U.S. but the Company has concentrated on the Northeast and Midwest. Since 2009, we have tripled the size of our property portfolio from 28 communities with approximately 6,800 developed homesites to 126 communities with over 23,800 developed homesites, including the two communities recently purchased in January 2021. We are focused on acquiring communities with significant upside potential and leveraging our expertise to build long-term capital appreciation.

Our growth strategy involves purchasing well located communities in our target markets. During 2021, we have entered the Alabama and South Carolina markets by acquiring communities in those markets. As part of our growth strategy, we intend to evaluate potential opportunities to expand into additional geographic markets, including certain other markets in the southeastern United States.

The Company also evaluates our properties for expansion opportunities. Development of the additional acreage available for expansion allows us to leverage existing communities and amenities. We believe our ability to complete expansions translates to greater value creation and cash flow through operating efficiencies. The Company has approximately 1,800 acres of additional land potentially available for future development. See PART I, Item 2 – Properties, for a list of our additional acreage.

The Company seeks to finance acquisitions with the most appropriate available source of capital, including purchase money mortgages or other financing, which may be first liens, wraparound mortgages or subordinated indebtedness, sales of investments, and issuance of additional equity securities. In connection with its ongoing activities, the Company may issue notes, mortgages or other senior securities. The Company intends to use both secured and unsecured lines of credit.

The Company may consider issuing securities as a form of payment to acquire communities; however, this has not occurred to date. The Company may repurchase or reacquire its shares from time to time if, in the opinion of the Board of Directors, such acquisition is advantageous to the Company. During the year ended December 31, 2020, the Company repurchased 174,000 shares of its common stock at an aggregate cost of \$1.8 million, or a weighted average price of \$10.50 per share. The last repurchase was made on May 14, 2020. In addition, during 2020 the Company voluntarily redeemed all outstanding shares of its 8.0% Series B Cumulative Redeemable Preferred Stock.

The Company also owns a portfolio of marketable REIT securities, which is 7.6% of undepreciated assets (which is the Company's total assets excluding accumulated depreciation) at year end. The Company generally limits the portfolio to no more than approximately 15% of its undepreciated assets. These liquid real estate holdings provide diversification, additional liquidity and income, and serve as a proxy for real estate when more favorable risk adjusted returns are not available. The Company, from time to time, may purchase these securities on margin when the interest and dividend yields exceed the cost of funds.

Regulations, Insurance and Property Maintenance and Improvement

Manufactured home communities are subject to various laws, ordinances and regulations, including regulations relating to recreational facilities such as swimming pools, clubhouses and other common areas, and regulations relating to operating water and wastewater treatment facilities at several of our communities. We believe that each community has all material operating permits and approvals.

Our properties are insured against risks that may cause property damage and business interruption including events such as fire, business interruption, general liability and if applicable, flood. Our insurance policies contain deductible requirements, coverage limits and particular exclusions. It is the policy of the Company to maintain adequate insurance coverage on all of our properties; and, in the opinion of management, all of our properties are adequately insured. We also obtain title insurance insuring fee title to the properties in an aggregate amount which we believe to be adequate.

State and local rent control laws in certain jurisdictions may dictate the structure of rent increases and limit our ability to recover increases in operating expenses and the costs of capital improvements. In 2019, the State of New York enacted the Housing Stability and Tenant Protection Act of 2019, which, among other things, set maximum collectible rent increases. Rent control also affects two of our manufactured home communities in New Jersey. Enactment of such laws has been considered at various times in other jurisdictions. We presently expect to continue to maintain properties, and may purchase additional properties, in markets that are either subject to rent control or in which rent related legislation exists or may be enacted.

It is the policy of the Company to properly maintain, modernize, expand and make improvements to its properties when required. The Company anticipates that renovation expenditures with respect to its present properties during 2021 will be approximately \$12 million.

Human Capital

The attraction, motivation and retention of our employees are critical factors in furthering the growth and financial success of the Company. We recognize that our ability to achieve the high standards we set for ourselves can best be accomplished by having a diverse team. We are committed to promoting diversity, equity and inclusion and our benefits programs are designed to achieve employee satisfaction and advancement. As of March 5, 2021, the Company had approximately 440 employees, including officers. Approximately half of our management team and 44% of our total employee population are female. Over 35% of our employees are 40 years of age or older and 30% are over 60 years of age. During each year, the Company hires additional part-time and seasonal employees as grounds keepers and lifeguards and to conduct emergency repairs.

Our employees are fairly compensated as compared to employees of our competitors and are routinely recognized for outstanding performance. They are offered regular opportunities to participate in professional development programs which focus on building their skills and capabilities. We conduct regional training sessions and are committed to providing a safe and healthy workplace that is free from violence, intimidation and other unsafe or disruptive practices. We hold an annual employee meeting that includes safety training, as required under the

federal Occupational, Safety and Health Act, as well as harassment training. The Company also offers a robust wellness program to its employees that incorporates health benefits, including incentives for enrolling in exercise classes and for gym memberships. This encourages our employees to improve their mental and physical well-being.

Information about our Executive Officers

The following table sets forth information with respect to the executive officers of the Company as of December 31, 2020:

| Name | Age | Position |
|-----------------|------------|--|
| Eugene W. Landy | 87 | Chairman of the Board of Directors and Founder |
| Samuel A. Landy | 60 | President and Chief Executive Officer |
| Anna T. Chew | 62 | Vice President, Chief Financial and Accounting Officer and Treasurer |
| Craig Koster | 45 | General Counsel and Secretary |
| Brett Taft | 31 | Vice President and Chief Operating Officer |

Environmental, Social and Governance (“ESG”) Considerations

The Company’s mission is to address the fundamental need of providing affordable housing and in doing so, create sustainable and environmentally friendly communities that have a positive societal impact. We recognize our obligation, as well as that of our industry, to reduce our impact on the environment and to conserve natural resources. We continually invest in energy-efficient technology where practicable, including water and energy conservation initiatives, and are committed to incorporating environmental and social considerations into our business practices to create value and enhance the communities where our residents live. We also recognize the importance of good corporate governance in ensuring the Company’s continued success and maintaining the confidence of our shareholders and financing sources. Our policies and practices are endorsed and supported by the Company’s executive management, including its Director of ESG, and are regularly reviewed by the Board of Directors and its Nominating and Corporate Governance Committee.

Cautionary Statement Regarding Forward-Looking Statements

Certain statements contained in this Annual Report on Form 10-K that are not historical facts are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Forward-looking statements provide our current expectations or forecasts of future events. Forward-looking statements include statements about the Company’s expectations, beliefs, intentions, plans, objectives, goals, strategies, future events, performance and underlying assumptions and other statements that are not historical facts. Forward-looking statements can be identified by their use of forward-looking words, such as “may,” “will,” “anticipate,” “expect,” “believe,” “intend,” “plan,” “should,” “seek” or comparable terms, or the negative use of those words, but the absence of these words does not necessarily mean that a statement is not forward-looking.

The forward-looking statements are based on our beliefs, assumptions and expectations of our future performance, taking into account all information currently available to us. Forward-looking statements are not predictions of future events. These beliefs, assumptions and expectations can change as a result of many possible events or factors, not all of which are known to us. Some of these factors are described below and under the headings “Business,” “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations”. These and other risks, uncertainties and factors could cause our actual results to differ materially from those included in any forward-looking statements we make. Any forward-looking statement speaks only as of the date on which it is made. New risks and uncertainties arise over time, and it is not possible for us to predict those events or how they may affect us. Except as required by law, we are not obligated to, and do not intend to, update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Important factors that could cause actual results to differ materially from our expectations include, among others:

- changes in the real estate market conditions and general economic conditions;
- risks and uncertainties related to the COVID-19 pandemic;
- the inherent risks associated with owning real estate, including local real estate market conditions, governing laws and regulations affecting manufactured housing communities and illiquidity of real estate investments;
- increased competition in the geographic areas in which we own and operate manufactured housing communities;
- our ability to continue to identify, negotiate and acquire manufactured housing communities and/or vacant land which may be developed into manufactured housing communities on terms favorable to us;
- our ability to maintain rental rates and occupancy levels;
- changes in market rates of interest;
- our ability to repay debt financing obligations;
- our ability to refinance amounts outstanding under our credit facilities at maturity on terms favorable to us;
- our ability to comply with certain debt covenants;
- our ability to integrate acquired properties and operations into existing operations;
- the availability of other debt and equity financing alternatives;
- continued ability to access the debt or equity markets;
- the loss of any member of our management team;
- our ability to maintain internal controls and processes to ensure all transactions are accounted for properly, all relevant disclosures and filings are made in a timely manner in accordance with all rules and regulations, and any potential fraud or embezzlement is thwarted or detected;
- the ability of manufactured home buyers to obtain financing;
- the level of repossessions by manufactured home lenders;
- market conditions affecting our investment securities;
- changes in federal or state tax rules or regulations that could have adverse tax consequences;
- our ability to qualify as a real estate investment trust for federal income tax purposes; and,
- those risks and uncertainties referenced under the heading "Risk Factors" contained in this Form 10-K and the Company's filings with the Securities and Exchange Commission ("SEC").

You should not place undue reliance on these forward-looking statements, as events described or implied in such statements may not occur. The forward-looking statements contained in this Annual Report on Form 10-K speak only as of the date hereof and the Company expressly disclaims any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

Available Information

Additional information about the Company can be found on the Company's website which is located at www.umh.reit. Information contained on or hyperlinked from our website is not incorporated by reference into and should not be considered part of this Annual Report on Form 10-K or our other filings with the SEC. The Company makes available, free of charge, on or through its website, annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. The SEC maintains an Internet site (<http://www.sec.gov>) that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC.

Item 1A – Risk Factors

Our business faces many risks. The following risk factors may not be the only risks we face but address what we believe may be the material risks concerning our business at this time. If any of the risks discussed in this report were to occur, our business, prospects, financial condition, results of operation and our ability to service our debt and make distributions to our shareholders could be materially and adversely affected and the market price per share of our stock could decline significantly. Some statements in this report, including statements in the following risk factors, constitute forward-looking statements. Please refer to the section entitled "Cautionary Statement Regarding Forward-Looking Statements."

Real Estate Industry Risks

General economic conditions and the concentration of our properties in certain states may affect our ability to generate sufficient revenue. The market and economic conditions in our current markets may significantly affect manufactured home occupancy or rental rates. Occupancy and rental rates, in turn, may significantly affect our revenues, and if our communities do not generate revenues sufficient to meet our operating expenses, including debt service and capital expenditures, our cash flow and ability to pay or refinance our debt obligations could be adversely affected. As a result of the geographic concentration of our properties in ten states in the Eastern United States, we are exposed to the risks of downturns in the local economy or other local real estate market conditions which could adversely affect occupancy rates, rental rates, and property values in these markets.

Other factors that may affect general economic conditions or local real estate conditions include:

- the national and local economic climate, including that of the energy-market dependent Marcellus and Utica Shale regions, may be adversely impacted by, among other factors, potential restrictions on drilling, plant closings, and industry slowdowns;
- local real estate market conditions such as the oversupply of manufactured homesites or a reduction in demand for manufactured homesites in an area;
- the number of repossessed homes in a particular market;
- the lack of an established dealer network;
- the rental market which may limit the extent to which rents may be increased to meet increased expenses without decreasing occupancy rates;
- the safety, convenience and attractiveness of our properties and the neighborhoods where they are located;
- zoning or other regulatory restrictions;
- competition from other available manufactured home communities and alternative forms of housing (such as apartment buildings and single-family homes);
- our ability to provide adequate management, maintenance and insurance;
- a pandemic or other health crisis, such as the outbreak of COVID-19;
- increased operating costs, including insurance premiums, real estate taxes and utilities; and
- the enactment of rent control laws or laws taxing the owners of manufactured homes.

Our income would also be adversely affected if tenants were unable to pay rent or if sites were unable to be rented on favorable terms. If we were unable to promptly relet or renew the leases for a significant number of sites, or if the rental rates upon such renewal or reletting were significantly lower than expected rates, then our business and results of operations could be adversely affected. In addition, certain expenditures associated with each property (such as real estate taxes and maintenance costs) generally are not reduced when circumstances cause a reduction in income from the property.

We may be unable to compete with our larger competitors for acquisitions, which may increase prices for communities. The real estate business is highly competitive. We compete for manufactured home community investments with numerous other real estate entities, such as individuals, corporations, REITs and other enterprises engaged in real estate activities. In many cases, the competing competitors may be larger and better financed than we

are, making it difficult for us to secure new manufactured home community investments. Competition among private and institutional purchasers of manufactured home community investments has resulted in increases in the purchase price paid for manufactured home communities and consequently higher fixed costs. To the extent we are unable to effectively compete in the marketplace, our business may be adversely affected.

We may not be able to integrate or finance our acquisitions and our acquisitions may not perform as expected. We acquire and intend to continue to acquire manufactured home communities on a select basis. Our acquisition activities and their success are subject to risks, including the following:

- if we enter into an acquisition agreement for a property, it is usually subject to customary conditions to closing, including completion of due diligence investigations to our satisfaction, which may not be satisfied;
- we may be unable to finance acquisitions on favorable terms;
- acquired properties may fail to perform as expected;
- the actual costs of repositioning or redeveloping acquired properties may be higher than our estimates;
- acquired properties may be located in new markets where we face risks associated with a lack of market knowledge or understanding of the local economy, lack of business relationships in the area and unfamiliarity with local governmental and permitting procedures; and
- we may be unable to quickly and efficiently integrate new acquisitions, particularly acquisitions of portfolios of properties, into our existing operations.

If any of the above were to occur, our business and results of operations could be adversely affected.

In addition, we may acquire properties subject to liabilities and without any recourse, or with only limited recourse, with respect to unknown liabilities. As a result, if a liability were to be asserted against us based upon ownership of those properties, we might have to pay substantial sums to settle it, which could adversely affect our cash flow.

We may be unable to finance or accurately estimate or anticipate costs and timing associated with expansion activities. We periodically consider expansion of existing communities and development of new communities. Our expansion and development activities are subject to risks such as:

- we may not be able to obtain financing with favorable terms for community development which may make us unable to proceed with the development;
- we may be unable to obtain, or may face delays in obtaining, necessary zoning, building and other governmental permits and authorizations, which could result in increased costs and delays, and even require us to abandon development of a community entirely if we are unable to obtain such permits or authorizations;
- we may abandon development opportunities that we have already begun to explore and as a result we may not recover expenses already incurred in connection with exploring such development opportunities;
- we may be unable to complete construction and lease-up of a community on schedule resulting in increased debt service expense and construction costs;
- we may incur construction and development costs for a community which exceed our original estimates due to increased materials, labor or other costs, which could make completion of the

community uneconomical and we may not be able to increase rents to compensate for the increase in development costs which may impact our profitability;

- we may be unable to secure long-term financing on completion of development resulting in increased debt service and lower profitability; and
- occupancy rates and rents at a newly developed community may fluctuate depending on several factors, including market and economic conditions, which may result in the community not being profitable.

If any of the above were to occur, our business and results of operations could be adversely affected.

We may be unable to sell properties when appropriate because real estate investments are illiquid. Real estate investments generally cannot be sold quickly and, therefore, will tend to limit our ability to vary our property portfolio promptly in response to changes in economic or other conditions. In addition, the Code limits our ability to sell our properties. The inability to respond promptly to changes in the performance of our property portfolio could adversely affect our financial condition and ability to service our debt and make distributions to our stockholders.

Our ability to sell manufactured homes may be affected by various factors, which may in turn adversely affect our profitability. S&F operates in the manufactured home market offering homes for sale to tenants and prospective tenants of our communities. The market for the sale of manufactured homes may be adversely affected by the following factors:

- downturns in economic conditions which adversely impact the housing market;
- an oversupply of, or a reduced demand for, manufactured homes;
- the ability of manufactured home manufacturers to adapt to change in the economic climate and the availability of units from these manufacturers;
- the difficulty facing potential purchasers in obtaining affordable financing as a result of heightened lending criteria; and
- an increase or decrease in the rate of manufactured home repossessions which provide aggressively priced competition to new manufactured home sales.

Any of the above listed factors could adversely impact our rate of manufactured home sales, which would result in a decrease in profitability.

Licensing laws and compliance could affect our profitability. We are subject to the Secure and Fair Enforcement for Mortgage Licensing Act of 2008 (“SAFE Act”), which requires that we obtain appropriate licenses pursuant to the Nationwide Mortgage Licensing System & Registry in each state where we conduct business. There are extensive federal and state requirements mandated by the SAFE Act and other laws pertaining to financing, including the Dodd-Frank Wall Street Reform and Consumer Protection Act, and there can be no assurance that we will obtain or renew our SAFE Act licenses, which could result in fees and penalties and have an adverse impact on our ability to continue with our home financing activities.

Costs associated with taxes and regulatory compliance may reduce our revenue. We are subject to significant regulation that inhibits our activities and may increase our costs. Local zoning and use laws, environmental statutes and other governmental requirements may restrict expansion, rehabilitation and reconstruction activities. These regulations may prevent us from taking advantage of economic opportunities. Legislation such as the Americans with Disabilities Act may require us to modify our properties at a substantial cost and noncompliance could result in the imposition of fines or an award of damages to private litigants. Future legislation may impose additional requirements. We cannot predict what requirements may be enacted or amended or what costs we will incur to comply with such requirements. Costs resulting from changes in real estate laws, income taxes, service or other taxes may

adversely affect our funds from operations and our ability to pay or refinance our debt. Similarly, changes in laws increasing the potential liability for environmental conditions existing on properties or increasing the restrictions on discharges or other conditions may result in significant unanticipated expenditures, which would adversely affect our business and results of operations.

Laws and regulations also govern the provision of utility services. Such laws regulate, for example, how and to what extent owners or operators of property can charge renters for provision of utilities. Such laws can also regulate the operations and performance of utility systems and may impose fines and penalties on real property owners or operators who fail to comply with these requirements. The laws and regulations may also require capital investment to maintain compliance.

Rent control legislation may harm our ability to increase rents. State and local rent control laws in certain jurisdictions may limit our ability to increase rents and to recover increases in operating expenses and the costs of capital improvements. In 2019, the State of New York enacted the Housing Stability and Tenant Protection Act of 2019, which, among other things, set maximum collectible rent increases. Rent control also affects two of our manufactured home communities in New Jersey. Enactment of such laws has been considered at various times in other jurisdictions. We presently expect to continue to maintain properties, and may purchase additional properties, in markets that are either subject to rent control or in which rent related legislation exists or may be enacted.

Environmental liabilities could affect our profitability. Under various federal, state and local laws, ordinances and regulations, an owner or operator of real estate is liable for the costs of removal or remediation of certain hazardous substances at, on, under or in such property, as well as certain other potential costs relating to hazardous or toxic substances. Such laws often impose such liability without regard to whether the owner knew of, or was responsible for, the presence of such hazardous substances. A conveyance of the property, therefore, does not relieve the owner or operator from liability. As a current or former owner and operator of real estate, we may be required by law to investigate and clean up hazardous substances released at or from the properties we currently own or operate or have in the past owned or operated. We may also be liable to the government or to third parties for property damage, investigation costs and cleanup costs. In addition, some environmental laws create a lien on the contaminated site in favor of the government for damages and costs the government incurs in connection with the contamination. Contamination may adversely affect our ability to sell or lease real estate or to borrow using the real estate as collateral. Persons who arrange for the disposal or treatment of hazardous substances also may be liable for the costs of removal or remediation of such substances at a disposal or treatment facility owned or operated by another person. In addition, certain environmental laws impose liability for the management and disposal of asbestos-containing materials and for the release of such materials into the air. These laws may provide for third parties to seek recovery from owners or operators of real properties for personal injury associated with asbestos-containing materials. In connection with the ownership, operation, management, and development of real properties, we may be considered an owner or operator of such properties and, therefore, are potentially liable for removal or remediation costs, and also may be liable for governmental fines and injuries to persons and property. When we arrange for the treatment or disposal of hazardous substances at landfills or other facilities owned by other persons, we may be liable for the removal or remediation costs at such facilities. We are not aware of any environmental liabilities relating to our investment properties which would have a material adverse effect on our business, assets, or results of operations. However, we cannot assure you that environmental liabilities will not arise in the future and that such liabilities will not have a material adverse effect on our business, assets or results of operations.

Of the 124 manufactured home communities we operated as of December 31, 2020, 47 have their own wastewater treatment facility or water distribution system, or both. At these locations, we are subject to compliance with monthly, quarterly and yearly testing for contaminants as outlined by the individual state's Department of Environmental Protection Agencies. Currently, our community-owned manufactured homes are not subject to radon or asbestos monitoring requirements.

Additionally, in connection with the management of the properties or upon acquisition or financing of a property, the Company authorizes the preparation of Phase I or similar environmental reports (which involves general inspections without soil sampling or ground water analysis) completed by independent environmental consultants. Based upon such environmental reports and the Company's ongoing review of its properties, as of the date of this Annual Report, the Company is not aware of any environmental condition with respect to any of its properties which it believes would be reasonably likely to have a material adverse effect on its financial condition and/or results of

operations. However, these reports cannot reflect conditions arising after the studies were completed, and no assurances can be given that existing environmental studies reveal all environmental liabilities, that any prior owner or operator of a property or neighboring owner or operator did not create any material environmental condition not known to us, or that a material environmental condition does not otherwise exist as to any one or more properties.

Some of our properties are subject to potential natural or other disasters. Certain of our manufactured home communities are located in areas that may be subject to natural disasters, including our manufactured home communities in flood plains, in areas that may be adversely affected by tornados and in coastal regions that may be adversely affected by increases in sea levels or in the frequency or severity of hurricanes, tropical storms or other severe weather conditions. The occurrence of natural disasters may delay redevelopment or development projects, increase investment costs to repair or replace damaged properties, increase future property insurance costs and negatively impact the tenant demand for lease space. To the extent insurance is unavailable to us or is unavailable on acceptable terms, or our insurance is not adequate to cover losses from these events, our financial condition and results of operations could be adversely affected.

Climate change may adversely affect our business. To the extent that significant changes in the climate occur in areas where our properties are located, we may experience extreme weather and changes in precipitation and temperature, all of which may result in physical damage to or a decrease in demand for properties located in these areas or affected by these conditions. Should the impact of climate change be material in nature, including significant property damage to or destruction of our properties, or occur for lengthy periods of time, our financial condition or results of operations may be adversely affected. In addition, changes in federal, state and local legislation and regulations based on concerns about climate change could result in increased capital expenditures on our properties (for example, to improve their energy efficiency and/or resistance to inclement weather) without a corresponding increase in revenue, resulting in adverse impacts to our net income.

Actions by our competitors may decrease or prevent increases in the occupancy and rental rates of our properties which could adversely affect our business. We compete with other owners and operators of manufactured home community properties, some of which own properties similar to ours in the same submarkets in which our properties are located. The number of competitive manufactured home community properties in a particular area could have a material adverse effect on our ability to attract tenants, lease sites and maintain or increase rents charged at our properties or at any newly acquired properties. In addition, other forms of multi-family residential properties, such as private and federally funded or assisted multi-family housing projects and single-family housing, provide housing alternatives to potential tenants of manufactured home communities. If our competitors offer housing at rental rates below current market rates or below the rental rates we currently charge our tenants, we may lose potential tenants, and we may be pressured to reduce our rental rates below those we currently charge in order to retain tenants when our tenants' leases expire. As a result, our financial condition, cash flow, cash available for distribution, and ability to satisfy our debt service obligations could be materially adversely affected.

Losses in excess of our insurance coverage or uninsured losses could adversely affect our cash flow. We generally maintain insurance policies related to our business, including casualty, general liability and other policies covering business operations, employees and assets. However, we may be required to bear all losses that are not adequately covered by insurance. In addition, there are certain losses that are not generally insured because it is not economically feasible to insure against them, including losses due to riots, acts of war or other catastrophic events. If an uninsured loss or a loss in excess of insured limits occurs with respect to one or more of our properties, then we could lose the capital we invested in the properties, as well as the anticipated profits and cash flow from the properties and, in the case of debt which is with recourse to us, we would remain obligated for any mortgage debt or other financial obligations related to the properties. Although we believe that our insurance programs are adequate, no assurance can be given that we will not incur losses in excess of its insurance coverage, or that we will be able to obtain insurance in the future at acceptable levels and reasonable cost.

Our investments are concentrated in the manufactured housing/residential sector and our business would be adversely affected by an economic downturn in that sector. Our investments in real estate assets are primarily concentrated in the manufactured housing/residential sector. This concentration may expose us to the risk of economic downturns in this sector to a greater extent than if our business activities included a more significant portion of other sectors of the real estate industry.

Financing Risks

We face risks generally associated with our debt. We finance a portion of our investments in properties and marketable securities through debt. We are subject to the risks normally associated with debt financing, including the risk that our cash flow will be insufficient to meet required payments of principal and interest. In addition, debt creates other risks, including:

- rising interest rates on our variable rate debt;
- inability to repay or refinance existing debt as it matures, which may result in forced disposition of assets on disadvantageous terms;
- refinancing terms less favorable than the terms of existing debt; and
- failure to meet required payments of principal and/or interest.

We mortgage our properties, which subjects us to the risk of foreclosure in the event of non-payment. We mortgage many of our properties to secure payment of indebtedness. If we are unable to meet mortgage payments, then the property could be foreclosed upon or transferred to the mortgagee with a consequent loss of income and asset value. A foreclosure of one or more of our properties could adversely affect our financial condition, results of operations, cash flow, ability to service debt and make distributions and the market price of our preferred and common stock and any other securities we issue.

We face risks related to “balloon payments” and refinancings. Certain of our mortgages will have significant outstanding principal balances on their maturity dates, commonly known as “balloon payments.” There can be no assurance that we will be able to refinance the debt on favorable terms or at all. To the extent we cannot refinance debt on favorable terms or at all, we may be forced to dispose of properties on disadvantageous terms or pay higher interest rates, either of which would have an adverse impact on our financial performance and ability to service debt and make distributions.

We face risks associated with our dependence on external sources of capital. In order to qualify as a REIT, we are required each year to distribute to our stockholders at least 90% of our REIT taxable income, and we are subject to tax on our income to the extent it is not distributed. Because of this distribution requirement, we may not be able to fund all future capital needs from cash retained from operations. As a result, to fund capital needs, we rely on third-party sources of capital, which we may not be able to obtain on favorable terms, if at all. Our access to third-party sources of capital depends upon a number of factors, including (i) general market conditions; (ii) the market’s perception of our growth potential; (iii) our current and potential future earnings and cash distributions; and (iv) the market price of our preferred and common stock. Additional debt financing may substantially increase our debt-to-total capitalization ratio. Additional equity issuance may dilute the holdings of our current stockholders.

We may become more highly leveraged, resulting in increased risk of default on our obligations and an increase in debt service requirements which could adversely affect our financial condition and results of operations and our ability to pay distributions. We have incurred, and may continue to incur, indebtedness in furtherance of our activities. Our governing documents do not limit the amount of indebtedness we may incur. Accordingly, our Board of Directors may vote to incur additional debt and would do so, for example, if it were necessary to maintain our status as a REIT. We could therefore become more highly leveraged, resulting in an increased risk of default on our obligations and in an increase in debt service requirements, which could adversely affect our financial condition and results of operations and our ability to pay distributions to stockholders.

Fluctuations in interest rates could materially affect our financial results. Because a portion of our debt bears interest at variable rates, increases in interest rates could materially increase our interest expense. If the U.S. Federal Reserve increases short-term interest rates, this may have a significant upward impact on shorter-term interest rates, including the interest rates that our variable rate debt is based upon. Potential future increases in interest rates and credit spreads may increase our interest expense and therefore negatively affect our financial condition and results of operations, and reduce our access to the debt or equity capital markets.

We may be adversely affected by changes in the London Interbank Offered Rate (“LIBOR”) or the method in which LIBOR is determined. A portion of our debt bears interest at variable rates based on LIBOR for deposits of U.S. dollars. The United Kingdom’s Financial Conduct Authority, which regulates LIBOR, has announced that it intends to stop encouraging or requiring banks to submit LIBOR rates after 2021, and it is likely that, over time, LIBOR may be replaced by the Secured Overnight Financing Rate (“SOFR”) published by the Federal Reserve Bank of New York or another alternative benchmark. We are monitoring this activity and evaluating the related risks. Although the full impact of such reforms and actions, together with any transition away from LIBOR, alternative reference rates or other reforms, remains unclear, these changes may have a material adverse impact on the availability of financing, including LIBOR-based loans, and as a result on our financing costs.

Covenants in our credit agreements could limit our flexibility and adversely affect our financial condition. The terms of our various credit agreements and other indebtedness require us to comply with a number of customary financial and other covenants, such as maintaining debt service coverage and leverage ratios and maintaining insurance coverage. These covenants may limit our flexibility in our operations, and breaches of these covenants could result in defaults under the instruments governing the applicable indebtedness even if we had satisfied our payment obligations. If we were to default under our credit agreements, our financial condition would be adversely affected.

A change in the U.S. government policy with regard to Fannie Mae and Freddie Mac could impact our financial condition. Fannie Mae and Freddie Mac are major sources of financing for the manufactured housing real estate sector. We depend frequently on Fannie Mae and Freddie Mac to finance growth by purchasing or guaranteeing manufactured housing community loans. We do not know when or if Fannie Mae or Freddie Mac will restrict their support of lending to our real estate sector or to us in particular. A decision by the government to eliminate Fannie Mae or Freddie Mac, or reduce their acquisitions or guarantees of our mortgage loans, may adversely affect interest rates, capital availability and our ability to refinance our existing mortgage obligations as they come due and obtain additional long-term financing for the acquisition of additional communities on favorable terms or at all.

We face risks associated with the financing of home sales to customers in our manufactured home communities. To produce new rental revenue and to upgrade our communities, we sell homes to customers in our communities at competitive prices and finance these home sales through S&F. We allow banks and outside finance companies the first opportunity to finance these sales. We are subject to the following risks in financing these homes:

- the borrowers may default on these loans and not be able to make debt service payments or pay principal when due;
- the default rates may be higher than we anticipate;
- demand for consumer financing may not be as great as we anticipate or may decline;
- the value of property securing the installment notes receivable may be less than the amounts owed; and
- interest rates payable on the installment notes receivable may be lower than our cost of funds.

Additionally, there are many regulations pertaining to our home sales and financing activities. There are significant consumer protection laws and the regulatory framework may change in a manner which may adversely affect our operating results. The regulatory environment and associated consumer finance laws create a risk of greater liability from our home sales and financing activities and could subject us to additional litigation. We are also dependent on licenses granted by state and other regulatory authorities, which may be withdrawn or which may not be renewed and which could have an adverse impact on our ability to continue with our home sales and financing activities.

Risks Related to our Status as a REIT

If our leases are not respected as true leases for federal income tax purposes, we would fail to qualify as a REIT. To qualify as a REIT, we must, among other things, satisfy two gross income tests, under which specified percentages of our gross income must be certain types of passive income, such as rent. For the rent paid pursuant to our leases to qualify for purposes of the gross income tests, the leases must be respected as true leases for federal income tax purposes and not be treated as service contracts, joint ventures or some other type of arrangement. We believe that our leases will be respected as true leases for federal income tax purposes. However, there can be no assurance that the Internal Revenue Service (“IRS”) will agree with this view. If the leases are not respected as true leases for federal income tax purposes, we would not be able to satisfy either of the two gross income tests applicable to REITs, and we could lose our REIT status.

Failure to make required distributions would subject us to additional tax. In order to qualify as a REIT, we must, among other requirements, distribute, each year, to our stockholders at least 90% of our taxable income, excluding net capital gains. To the extent that we satisfy the 90% distribution requirement, but distribute less than 100% of our taxable income, we will be subject to federal corporate income tax on our undistributed income. In addition, we will incur a 4% nondeductible excise tax on the amount, if any, by which our distributions (or deemed distributions) in any year are less than the sum of:

- 85% of our ordinary income for that year;
- 95% of our capital gain net earnings for that year; and
- 100% of our undistributed taxable income from prior years.

To the extent we pay out in excess of 100% of our taxable income for any tax year, we may be able to carry forward such excess to subsequent years to reduce our required distributions for purposes of the 4% nondeductible excise tax in such subsequent years. We intend to pay out our income to our stockholders in a manner intended to satisfy the 90% distribution requirement. Differences in timing between the recognition of income and the related cash receipts or the effect of required debt amortization payments could require us to borrow money or sell assets to pay out enough of our taxable income to satisfy the 90% distribution requirement and to avoid corporate income tax.

We may not have sufficient cash available from operations to pay distributions to our stockholders, and, therefore, distributions may be made from borrowings. The actual amount and timing of distributions to our stockholders will be determined by our Board of Directors in its discretion and typically will depend on the amount of cash available for distribution, which will depend on items such as current and projected cash requirements, limitations on distributions imposed by law on our financing arrangements and tax considerations. As a result, we may not have sufficient cash available from operations to pay distributions as required to maintain our status as a REIT. Therefore, we may need to borrow funds to make sufficient cash distributions in order to maintain our status as a REIT, which may cause us to incur additional interest expense as a result of an increase in borrowed funds for the purpose of paying distributions.

We may be required to pay a penalty tax upon the sale of a property. The federal income tax provisions applicable to REITs provide that any gain realized by a REIT on the sale of property held as inventory or other property held primarily for sale to customers in the ordinary course of business is treated as income from a “prohibited transaction” that is subject to a 100% penalty tax. Under current law, unless a sale of real property qualifies for a safe harbor, the question of whether the sale of real estate or other property constitutes the sale of property held primarily for sale to customers is generally a question of the facts and circumstances regarding a particular transaction. We intend that we and our subsidiaries will hold the interests in the real estate for investment with a view to long-term appreciation, engage in the business of acquiring and owning real estate, and make occasional sales as are consistent with our investment objectives. We do not intend to engage in prohibited transactions. We cannot assure you, however, that we will only make sales that satisfy the requirements of the safe harbors or that the IRS will not successfully assert that one or more of such sales are prohibited transactions.

We may be adversely affected if we fail to qualify as a REIT. If we fail to qualify as a REIT, we will not be allowed to deduct distributions to shareholders in computing our taxable income and will be subject to federal income tax at regular corporate rates and possibly increased state and local taxes. In addition, we might be barred from qualification as a REIT for the four years following the year of disqualification. The additional tax incurred at regular corporate rates would reduce significantly the cash flow available for distribution to shareholders and for debt service. Furthermore, we would no longer be required to make any distributions to our shareholders as a condition to REIT qualification. Any distributions to shareholders would be taxable as ordinary income to the extent of our current and accumulated earnings and profits, although such dividend distributions to non-corporate shareholders would be subject to a maximum federal income tax rate of 20% (and potentially a Medicare tax of 3.8%), provided applicable requirements of the Code are satisfied. Furthermore, corporate shareholders may be eligible for the dividends received deduction on the distributions, subject to limitations under the Code. Additionally, if we fail to qualify as a REIT, non-corporate stockholders would no longer be able to deduct up to 20% of our dividends (other than capital gain dividends and dividends treated as qualified dividend income), as would otherwise generally be permitted for taxable years beginning after December 31, 2017 and before January 1, 2026.

To qualify as a REIT, we must comply with certain highly technical and complex requirements. We cannot be certain we have complied, and will always be able to comply, with the requirements to qualify as a REIT because there are few judicial and administrative interpretations of these provisions. In addition, facts and circumstances that may be beyond our control may affect our ability to continue to qualify as a REIT. We cannot assure you that new legislation, regulations, administrative interpretations or court decisions will not change the tax laws significantly with respect to our qualification as a REIT or with respect to the Federal income tax consequences of qualification. We believe that we have qualified as a REIT since our inception and intend to continue to qualify as a REIT. However, we cannot assure you that we are so qualified or will remain so qualified.

There is a risk of changes in the tax law applicable to REITs. Because the IRS, the U.S. Treasury Department and Congress frequently review federal income tax legislation, we cannot predict whether, when or to what extent new federal tax laws, regulations, interpretations or rulings will be adopted. Numerous changes to the U.S. federal income tax laws are proposed on a regular basis. Any of such legislative action may prospectively or retroactively modify our tax treatment and, therefore, may adversely affect taxation of us and/or our investors. Additionally, the REIT rules are constantly under review by persons involved in the legislative process and by the IRS and the U.S. Treasury Department, which may result in revisions to regulations and interpretations in addition to statutory changes. Furthermore, members of the U.S. Congress and the Biden administration have expressed intent to pass legislation to change or repeal parts of currently enacted tax law, including, in particular, legislation that will increase corporate tax rates from the current flat rate of 21%. If enacted, certain proposed changes could have an adverse impact on our business and financial results. Importantly, legislation has been proposed in several states specifically taxing REITs. If such legislation were to be enacted, our income from such states would be adversely impacted.

The act popularly known as the Tax Cuts and Jobs Act of 2017 (the “TCJA”), as amended by the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”), has significantly changed the U.S. federal income taxation of U.S. businesses and their owners, including REITs and their shareholders. On March 27, 2020, the CARES Act, federal legislation intended to ameliorate the economic impact of the COVID-19 pandemic, was signed into law. The CARES Act made technical corrections, or temporary modifications, to certain of the provisions of the TCJA. The individual and collective impact of the changes made by the TCJA and the CARES Act on REITs and their security holders are uncertain and may not become evident for some period of time. It is also possible that additional legislation could be enacted in the future as a result of the ongoing COVID-19 pandemic which may affect the holders of our securities. Changes made by the TCJA and the CARES Act that could affect us and our shareholders include:

- temporarily reducing individual U.S. federal income tax rates on ordinary income; the highest individual U.S. federal income tax rate has been reduced from 39.6% to 37% for taxable years beginning after December 31, 2017 and before January 1, 2026;
- permanently eliminating the progressive corporate tax rate structure, with a maximum corporate tax rate of 35%, and replacing it with a flat corporate tax rate of 21%;

- permitting a deduction for certain pass-through business income, including dividends received by our shareholders from us that are not designated by us as capital gain dividends or qualified dividend income, which will allow individuals, trusts, and estates to deduct up to 20% of such amounts for taxable years beginning after December 31, 2017 and before January 1, 2026;
- reducing the highest rate of withholding with respect to our distributions to non-U.S. stockholders that are treated as attributable to gains from the sale or exchange of U.S. real property interests from 35% to 21%;
- limiting our deduction for net operating losses (“NOL’s”) to 80% of REIT taxable income (prior to the application of the dividends paid deduction) (this was modified by the CARES Act as discussed below);
- generally limiting the deduction for net business interest expense in excess of a specified percentage (50% for taxable years beginning in 2019 and 2020 and 30% for subsequent taxable years) of a business’s adjusted taxable income except for taxpayers that engage in certain real estate businesses and elect out of this rule (provided that such electing taxpayers must use an alternative depreciation system for certain property). The CARES Act increases this interest limitation to 50% for taxable years beginning in 2019 or 2020 (with special rules applicable to interest allocation from entities treated as partnerships for tax purposes) and permits an entity to elect to use its 2019 adjusted taxable income to calculate the applicable limitation for its 2020 taxable year; and
- eliminating the corporate alternative minimum tax.

The CARES Act significantly modified the treatment of NOLs. Generally, a corporate taxpayer must pay tax on its net capital gain at ordinary corporate rates and may deduct capital losses only to the extent of capital gains, though excess capital losses may be carried forward indefinitely. As discussed above, under the TCJA, corporate NOLs arising in tax years beginning after December 31, 2017, can only offset 80% of taxable income (before the dividends paid deduction). These NOLs can now be carried forward indefinitely instead of the previous 20-year limitation, and carrybacks of these losses are no longer permitted. NOLs arising in tax years beginning before December 31, 2017 retain the same rules, and can be carried back two years and forward 20 years. There is no taxable income limit to usage of such losses. The CARES Act repeals the above 80% limitation for taxable years beginning before January 1, 2021, and allows a five-year carryback for NOLs arising in 2018, 2019 or 2020. This NOL carryback does not apply directly to REITs, however, taxable REIT subsidiaries are eligible to carry back NOLs and may benefit from this provision.

The TCJA and the CARES Act are subject to potential amendments and technical corrections, as well as interpretations and implementing regulations by the United States Treasury Department and the IRS, any of which could lessen or increase certain impacts of the TCJA and/or the CARES Act. Some technical corrections, proposed regulations and final regulations have already been promulgated, some of which specifically address REITs. It is unclear how these U.S. federal income tax changes will affect state and local taxation in various states and localities, which often use federal taxable income as a starting point for computing state and local tax liabilities. You are urged to consult with your tax advisor with respect to the status of legislative, regulatory, judicial or administrative developments and proposals and their potential effect on an investment in our securities.

We may be unable to comply with the strict income distribution requirements applicable to REITs. To maintain qualification as a REIT under the Code, a REIT must annually distribute to its stockholders at least 90% of its REIT taxable income, excluding the dividends paid deduction and net capital gains. This requirement limits our ability to accumulate capital. We may not have sufficient cash or other liquid assets to meet the distribution requirements. Difficulties in meeting the distribution requirements might arise due to competing demands for our funds or to timing differences between tax reporting and cash receipts and disbursements, because income may have to be reported before cash is received, because expenses may have to be paid before a deduction is allowed, because deductions may be disallowed or limited or because the IRS may make a determination that adjusts reported income. In those situations, we might be required to borrow funds or sell properties on adverse terms in order to meet the distribution requirements and interest and penalties could apply which could adversely affect our financial condition. If we fail to make a required distribution, we could cease to be taxed as a REIT.

Our taxable REIT subsidiary (“TRS”) is subject to special rules that may result in increased taxes. As a REIT, we must pay a 100% penalty tax on certain payments that we receive if the economic arrangements between us and our TRS is not comparable to similar arrangements between unrelated parties. The IRS may successfully assert that the economic arrangements of any of our inter-company transactions are not comparable to similar arrangements between unrelated parties. This would result in unexpected tax liability which would adversely affect our cash flows.

Notwithstanding our status as a REIT, we are subject to various federal, state and local taxes on our income and property. For example, we will be taxed at regular corporate rates on any undistributed taxable income, including undistributed net capital gains; provided, however, that properly designated undistributed capital gains will effectively avoid taxation at the stockholder level. We may be subject to other Federal income taxes and may also have to pay some state income or franchise taxes because not all states treat REITs in the same manner as they are treated for federal income tax purposes.

General Risk Factors

We face various risks and uncertainties related to public health crises, including the ongoing COVID-19 pandemic. The COVID-19 pandemic and its consequences may have a material adverse effect on us. We face various risks and uncertainties related to public health crises, including the ongoing global COVID-19 pandemic, which has disrupted financial markets and significantly impacted worldwide economic activity and is likely to continue to do so. The future effects of the evolving impact of the COVID-19 pandemic as well as mandatory and voluntary actions taken to mitigate the public health impact of the pandemic may have a material adverse effect on our financial condition. The COVID-19 pandemic and social and governmental responses to the pandemic have caused, and are likely to continue to cause, severe economic, market and other disruptions worldwide. Although the COVID-19 pandemic and related societal and government responses have not, to date, had a material impact on our business or financial results, the extent to which COVID-19 and related actions may, in the future, impact our operations cannot be predicted with any degree of confidence. As a result, we cannot at this time predict the direct or indirect impact on us of the COVID-19 pandemic, but it could have a material adverse effect on our business, financial condition, liquidity, results of operations and prospects.

We may not be able to evict tenants for nonpayment of rent in a timely manner due to federal, state and local eviction moratoriums enacted in response to the COVID-19 pandemic. The Centers for Disease Control and Prevention (CDC) issued an order (the “Moratorium”), which became effective on September 4, 2020, temporarily halting residential evictions of any consumers for failure to pay rent until December 31, 2020. The Moratorium requires renters to file sworn declarations stating they are eligible for the relief, despite their best efforts to procure government assistance, because they earn less than a certain income amount, have suffered a loss of income or employment, have used best efforts to make timely partial payments and that eviction would likely render them homeless. The Moratorium does not relieve any individual of any obligation to pay rent nor does it prevent the “charging or collecting of fees, penalties, or interest as a result of the failure to pay rent or other housing payment on a timely basis.” Further, landlords and property managers still have the ability to evict for health and safety reasons. The Consolidated Appropriations Act, 2021 was signed into law by the President on December 27, 2020, and extended the expiration of the CDC moratorium to March 31, 2021. President Biden has expressed interest in further extending the Moratorium past that date. However, on February 25, 2021, US District Judge J. Campbell Barker issued an opinion ruling that the Moratorium is unconstitutional. Given the uncertainty regarding the Moratorium and the presence of state and local eviction moratoriums in some other areas where we operate, we cannot be certain as to our ability to evict residents for nonpayment of rent which can increase tenant delinquencies. However, to date, our rent collections have not been materially impacted by eviction moratoriums or the COVID-19 pandemic.

We may not be able to obtain adequate cash to fund our business. Our business requires access to adequate cash to finance our operations, distributions, capital expenditures, debt service obligations, development and redevelopment costs and property acquisition costs, if any. We expect to generate the cash to be used for these purposes primarily with operating cash flow, borrowings under secured and unsecured loans, proceeds from sales of strategically identified assets and, when market conditions permit, through the issuance of debt and equity securities from time to time. We may not be able to generate sufficient cash to fund our business, particularly if we are unable to renew leases, lease vacant space or re-lease space as leases expire according to our expectations.

We are dependent on key personnel. Our executive and other senior officers have a significant role in our success. Our ability to retain our management group or to attract suitable replacements should any members of the management group leave is dependent on the competitive nature of the employment market. The loss of services from key members of the management group or a limitation in their availability could adversely affect our financial condition and cash flow. Further, such a loss could be negatively perceived in the capital markets.

Some of our directors and officers may have conflicts of interest with respect to certain related party transactions and other business interests. Mr. Eugene W. Landy, the Founder and Chairman of the Board of Directors of the Company, owns a 24% interest in the entity that is the landlord of the property where the Company's corporate office space is located. Effective October 1, 2019, the Company entered into a new lease for its executive offices in Freehold, New Jersey which combines the existing corporate office space with additional adjacent office space. This new lease extends our existing lease through April 30, 2027 and requires monthly lease payments of \$23,098 through April 30, 2022 and \$23,302 from May 1, 2022 through April 30, 2027. The Company is also responsible for its proportionate share of real estate taxes and common area maintenance. Mr. Eugene Landy may have a conflict of interest with respect to his obligations as our officer and/or director and his ownership interest in the landlord of the property.

We may amend our business policies without stockholder approval. Our Board of Directors determines our growth, investment, financing, capitalization, borrowing, REIT status, operations and distributions policies. Although our Board of Directors has no present intention to change or reverse any of these policies, they may be amended or revised without notice to stockholders. Accordingly, stockholders may not have control over changes in our policies. We cannot assure you that changes in our policies will serve fully the interests of all stockholders.

The market value of our preferred and common stock could decrease based on our performance and market perception and conditions. The market value of our preferred and common stock may be based primarily upon the market's perception of our growth potential and current and future cash dividends, and may be secondarily based upon the real estate market value of our underlying assets. The market price of our preferred and common stock is influenced by their respective distributions relative to market interest rates. Rising interest rates may lead potential buyers of our stock to expect a higher distribution rate, which could adversely affect the market price of our stock. In addition, rising interest rates would result in increased expense, thereby adversely affecting cash flow and our ability to service our indebtedness and pay distributions.

The market price and trading volume of our common stock may fluctuate significantly. The per-share trading price of our common stock may fluctuate. In addition, the trading volume in our common stock may fluctuate and cause significant price variations to occur. If the per-share trading price of our common stock declines significantly, investors in our common stock may be unable to resell their shares at or above their purchase price. We cannot provide any assurance that the per-share trading price of our common stock will not fluctuate or decline significantly in the future.

Some of the factors that could negatively affect our share price or result in fluctuations in the price or trading volume of our stock include:

- actual or anticipated variations in our quarterly operating results or dividends;
- changes in our funds from operations or earnings estimates;
- publication of research reports about us or the real estate industry;
- prevailing interest rates;
- the market for similar securities;
- changes in market valuations of similar companies;
- adverse market reaction to any additional debt we incur in the future;
- additions or departures of key management personnel;
- actions by institutional stockholders;
- speculation in the press or investment community;
- the extent of investor interest in our securities;
- the general reputation of REITs and the attractiveness of our equity securities in comparison to other equity securities, including securities issued by other real estate-based companies;

- our underlying asset value;
- investor confidence in the stock and bond markets, generally;
- changes in tax laws;
- future equity issuances;
- failure to meet earnings estimates;
- failure to maintain our REIT status;
- changes in valuation of our REIT securities portfolio;
- general economic and financial market conditions;
- war, terrorist acts and epidemic disease, including the ongoing COVID-19 pandemic;
- our issuance of debt or preferred equity securities;
- our financial condition, results of operations and prospects; and
- the realization of any of the other risk factors presented in this Annual Report on Form 10-K.

In the past, securities class action litigation has often been instituted against companies following periods of volatility in the price of their common stock. This type of litigation could result in substantial costs and divert our management's attention and resources, which could have an adverse effect on our financial condition, results of operations, cash flow and per-share trading price of our common stock.

The market prices and trading volumes of our Series C Preferred Stock and Series D Preferred Stock may fluctuate significantly. Although our Series C Preferred Stock and Series D Preferred Stock are listed and traded on the NYSE, the trading markets for the Series C Preferred Stock and Series D Preferred Stock are limited. Since the Series C Preferred Stock and the Series D Preferred Stock have no maturity dates, investors seeking liquidity may elect to sell their shares of Series C Preferred Stock or Series D Preferred Stock in the secondary market. If an active trading market does not exist, the market price and liquidity of the Series C Preferred Stock or Series D Preferred Stock may be adversely affected by such sales. Even if an active public market exists, we cannot guarantee that the market price for the Series C Preferred Stock or the Series D Preferred Stock will equal or exceed the price that investors in the Series C Preferred Stock or the Series D Preferred Stock paid for their shares.

The future issuance or sale of additional shares of Common Stock or Preferred Stock could adversely affect the trading prices of our outstanding Common Stock and Preferred Stock. Future issuances or sales of substantial numbers of shares of our Common Stock or Preferred Stock in the public market, or the perception that such issuances or sales might occur, could adversely affect the per-share trading prices of our Common Stock, Series C Preferred Stock or Series D Preferred Stock. The per-share trading price of our Common Stock, Series C Preferred Stock or Series D Preferred Stock may decline significantly upon the sale or registration of additional shares of our Common Stock, Series C Preferred Stock or Series D Preferred Stock.

Future issuances of our debt securities, which would be senior to our Series C Preferred Stock and Series D Preferred Stock upon liquidation, or preferred equity securities which may be senior to our Series C Preferred Stock and Series D Preferred Stock for purposes of dividend distributions or upon liquidation, may adversely affect the per-share trading prices of our Series C Preferred Stock or Series D Preferred Stock. In the future, we may attempt to increase our capital resources by issuing additional debt securities and/or additional classes or series of preferred stock. Upon liquidation, holders of our debt securities and lenders with respect to other borrowings will be entitled to receive our available assets prior to any distribution to holders of our Series C Preferred Stock or Series D Preferred Stock. Additionally, any convertible or exchangeable securities that we issue in the future may have rights, preferences and privileges more favorable than those of our Series C Preferred Stock or Series D Preferred Stock. Any shares of preferred stock that we issue in the future could have a preference on liquidating distributions or a preference on dividend payments that could limit our ability to pay dividends to holders of our Series C Preferred Stock or Series D Preferred Stock. Any such future issuances may adversely affect the trading price of our Series C Preferred Stock or Series D Preferred Stock.

There are restrictions on the transfer of our capital stock. To maintain our qualification as a REIT under the Code, no more than 50% in value of our outstanding capital stock may be owned, actually or by attribution, by five or fewer individuals, as defined in the Code to also include certain entities, during the last half of a taxable year. Accordingly, our charter contains provisions restricting the transfer of our capital stock. These restrictions may discourage a tender offer or other transaction, or a change in management or of control of us that might involve a premium price for our common

stock or preferred stock or that our shareholders otherwise believe to be in their best interests, and may result in the transfer of shares acquired in excess of the restrictions to a trust for the benefit of a charitable beneficiary and, as a result, the forfeiture by the acquirer of the benefits of owning the additional shares.

Our earnings are dependent, in part, upon the performance of our investment portfolio. As permitted by the Code, we invest in and own securities of other REITs, which we generally limit to no more than approximately 15% of our undepreciated assets. To the extent that the value of those investments decline or those investments do not provide a return, our earnings and cash flow could be adversely affected.

We are subject to restrictions that may impede our ability to effect a change in control. Certain provisions contained in our charter and bylaws and certain provisions of Maryland law may have the effect of discouraging a third party from making an acquisition proposal for us and thereby inhibit a change in control. These provisions include the following:

- Our charter provides for three classes of directors with the term of office of one class expiring each year, commonly referred to as a “staggered board.” By preventing common stockholders from voting on the election of more than one class of directors at any annual meeting of stockholders, this provision may have the effect of keeping the current members of our Board of Directors in control for a longer period of time than stockholders may desire.
- Our charter generally limits any holder from acquiring more than 9.8% (in value or in number, whichever is more restrictive) of our outstanding equity stock (defined as all of our classes of capital stock, except our excess stock). While this provision is intended to assure our ability to remain a qualified REIT for Federal income tax purposes, the ownership limit may also limit the opportunity for stockholders to receive a premium for their shares of common stock that might otherwise exist if an investor was attempting to assemble a block of shares in excess of 9.8% of the outstanding shares of equity stock or otherwise effect a change in control.
- The request of stockholders entitled to cast at least a majority of all votes entitled to be cast at such meeting is necessary for stockholders to call a special meeting. We also require advance notice by common stockholders for the nomination of directors or proposals of business to be considered at a meeting of stockholders.
- Our Board of Directors may authorize and cause us to issue securities without shareholder approval. Under our charter, the board has the power to classify and reclassify any of our unissued shares of capital stock into shares of capital stock with such preferences, rights, powers and restrictions as the Board of Directors may determine.
- “Business combination” provisions that provide that, unless exempted, a Maryland corporation may not engage in certain business combinations, including mergers, dispositions of 10% or more of its assets, certain issuances of shares of stock and other specified transactions, with an “interested shareholder” or an affiliate of an interested shareholder for five years after the most recent date on which the interested shareholder became an interested shareholder, and thereafter unless specified criteria are met. An interested shareholder is defined generally as any person who beneficially owns 10% or more of the voting power of our shares or an affiliate thereof or an affiliate or associate of ours who was the beneficial owner, directly or indirectly, of 10% or more of the voting power of our then outstanding voting stock at any time within the two-year period immediately prior to the date in question. In our charter, we have expressly elected that the Maryland Business Combination Act not govern or apply to any transaction with our affiliated company, Monmouth Real Estate Investment Corporation (“MREIC”), a Maryland corporation.
- The duties of directors of a Maryland corporation do not require them to, among other things (a) accept, recommend or respond to any proposal by a person seeking to acquire control of the corporation, (b) authorize the corporation to redeem any rights under, or modify or render inapplicable, any shareholders

rights plan, (c) make a determination under the Maryland Business Combination Act or the Maryland Control Share Acquisition Act to exempt any person or transaction from the requirements of those provisions, or (d) act or fail to act solely because of the effect of the act or failure to act may have on an acquisition or potential acquisition of control of the corporation or the amount or type of consideration that may be offered or paid to the shareholders in an acquisition.

We cannot assure you that we will be able to pay distributions regularly. Our ability to pay distributions in the future is dependent on our ability to operate profitably and to generate cash from our operations and the operations of our subsidiaries and is subject to limitations under our financing arrangements and Maryland law. Under the Maryland General Corporation Law, a Maryland corporation generally may not make a distribution if, after giving effect to the distribution, the corporation would not be able to pay its debts as the debts became due in the usual course of business, or the corporation's total assets would be less than the sum of its total liabilities plus, unless the charter permits otherwise, the amount that would be needed if the corporation were to be dissolved at the time of the distribution to satisfy the preferential rights upon dissolution of stockholders whose preferential rights on dissolution are superior to those receiving the distribution. Accordingly, we cannot guarantee that we will be able to pay distributions on a regular quarterly basis in the future.

Dividends on our capital stock do not qualify for the reduced tax rates available for some dividends. Income from "qualified dividends" payable to U.S. stockholders that are individuals, trusts and estates are generally subject to tax at preferential rates. Dividends payable by REITs, however, generally are not eligible for the preferential tax rates applicable to qualified dividend income. Although these rules do not adversely affect our taxation or the dividends payable by us, to the extent that the preferential rates continue to apply to regular corporate qualified dividends, investors who are individuals, trusts and estates may perceive an investment in us to be relatively less attractive than an investment in the stock of a non-REIT corporation that pays dividends, which could materially and adversely affect the value of the shares of, and per share trading price of, our capital stock. It should be noted that the TCJA provides for a deduction from income for individuals, trusts and estates up to 20% of certain REIT dividends, which reduces the effective tax rate on such dividends below the effective tax rate on interest, though the deduction is generally not as favorable as the preferential rate on qualified dividends. The deduction for certain REIT dividends, unlike the favorable rate for qualified dividends, expires after 2025.

We are subject to risks arising from litigation. We may become involved in litigation. Litigation can be costly, and the results of litigation are often difficult to predict. We may not have adequate insurance coverage or contractual protection to cover costs and liability in the event we are sued, and to the extent we resort to litigation to enforce our rights, we may incur significant costs and ultimately be unsuccessful or unable to recover amounts we believe are owed to us. We may have little or no control of the timing of litigation, which presents challenges to our strategic planning.

Future terrorist attacks and military conflicts could have a material adverse effect on general economic conditions, consumer confidence and market liquidity. Among other things, it is possible that interest rates may be affected by these events. An increase in interest rates may increase our costs of borrowing, leading to a reduction in our earnings. Terrorist acts affecting our properties could also result in significant damages to, or loss of, our properties. Additionally, we may be unable to obtain adequate insurance coverage on acceptable economic terms for losses resulting from acts of terrorism. Our lenders may require that we carry terrorism insurance even if we do not believe this insurance is necessary or cost effective. Should an act of terrorism result in an uninsured loss or a loss in excess of insured limits, we could lose capital invested in a property, as well as the anticipated future revenues from a property, while remaining obligated for any mortgage indebtedness or other financial obligations related to the property. Any loss of these types would adversely affect our financial condition.

Disruptions in the financial markets could affect our ability to obtain financing on reasonable terms and have other adverse effects on us and the market price of our capital stock. Uncertainty in the stock and credit markets may negatively impact our ability to access additional financing at reasonable terms, which may negatively affect our ability to acquire properties and otherwise pursue our investment strategy. A prolonged downturn in the stock or credit markets may cause us to seek alternative sources of potentially less attractive financing, and may require us to adjust our investment strategy accordingly. These types of events in the stock and credit markets may make it more difficult or costly for us to raise capital through the issuance of the common stock, preferred stock or debt securities. The potential disruptions in the

financial markets may have a material adverse effect on the market value of the common stock and preferred stock, or the economy in general. In addition, the national and local economic climate, including that of the energy-market dependent Marcellus and Utica Shale regions, may be adversely impacted by, among other factors, potential restrictions on drilling, plant closings and industry slowdowns, which may have a material adverse effect on the return we receive on our properties and investments, as well as other unknown adverse effects on us.

We face risks relating to cybersecurity attacks which could adversely affect our business, cause loss of confidential information and disrupt operations. We rely extensively on information technology to process transactions and manage our business. In the ordinary course of our business, we collect and store sensitive data, including our business information and that of our tenants, clients, vendors and employees on our network. This data is hosted on internal, as well as external, computer systems. Our external systems are hosted by third-party service providers that may have access to such information in connection with providing necessary information technology and security and other business services to us. This information may include personally identifiable information such as social security numbers, banking information and credit card information. We employ a number of measures to prevent, detect and mitigate potential breaches or disclosure of this confidential information. We have established a Cybersecurity Subcommittee of our Audit Committee to review and provide high level guidance on cybersecurity related issues of importance to the Company. We also maintain cyber risk insurance to provide some coverage for certain risks arising out of data and network breaches. While we continue to improve our cybersecurity and take measures to protect our business, we and our third-party service providers may be vulnerable to attacks by hackers (including through malware, ransomware, computer viruses, and email phishing schemes) or breached due to employee error, malfeasance, fire, flood or other physical event, or other disruptions. Any such breach or disruption could compromise the confidential information of our employees, customers and vendors to the extent such information exists on our systems or on the systems of third-party providers. Such an incident could result in potential liability or a loss of confidence and legal claims or proceedings; damage our reputation, competitiveness, stock price and long-term value; increase remediation, cybersecurity protection and insurance premium costs; disrupt and affect our business operations; or have material adverse effects on our business.

We are dependent on continuous access to the Internet to use our cloud-based applications. Damage or failure to our information technology systems, including as a result of any of the reasons described above, could adversely affect our results of operations as we may incur significant costs or data loss. We continually assess new and enhanced information technology solutions to manage risk of system failure or interruption.

We face risks relating to expanding use of social media mediums. The use of social media could cause us to suffer brand damage or information leakage. Negative posts or comments about us or our properties on any social networking website could damage our, or our properties' reputations. In addition, employees or others might disclose non-public sensitive information relating to our business through external media channels. The continuing evolution of social media may present us with new challenges and risks. The considerable increase in the use of social media over recent years has greatly expanded the potential scope and scale, and increased the rapidity of the dissemination of negative publicity that could be generated by negative posts and comments.

Item 1B – Unresolved Staff Comments

None.

Item 2 – Properties

UMH Properties, Inc. is engaged in the ownership and operation of manufactured home communities. As of December 31, 2020, the Company owned 124 manufactured home communities containing approximately 23,400 developed sites, located in New Jersey, New York, Ohio, Pennsylvania, Tennessee, Indiana, Michigan and Maryland. Subsequent to December 31, 2020, the Company purchased a community in Alabama and a community in South Carolina, containing a total of 337 homesites. The rents collectible from the land in our communities ultimately depend on the value of the home and land. Therefore, fewer but more expensive homes can actually produce the same or greater rents. There is a long-term trend toward larger manufactured homes. Manufactured home communities designed for older manufactured homes must be modified to accommodate modern, wider and longer manufactured homes. These changes may decrease the number of homes that may be accommodated in a manufactured home

community. For this reason, the number of developed sites operated by the Company is subject to change, and the number of developed sites listed is always an approximate number. The following table sets forth certain information concerning the Company's real estate investments as of December 31, 2020.

| Name of Community | Number of Developed Sites | Occupancy Percentage at 12/31/20 | Occupancy Percentage at 12/31/19 | Acreage Developed | Additional Acreage | Weighted Average Monthly Rent Per Site at 12/31/20 |
|--|----------------------------------|---|---|--------------------------|---------------------------|---|
| Allentown 4912 Raleigh-Millington Road Memphis, TN 38128 | 434 | 97% | 92% | 74 | 31 | \$487 |
| Arbor Estates 1081 North Easton Road Doylestown, PA 18902 | 230 | 94% | 91% | 31 | -0- | \$749 |
| Auburn Estates 919 Hostetler Road Orrville, OH 44667 | 42 | 93% | 93% | 13 | -0- | \$441 |
| Birchwood Farms 8057 Birchwood Drive Birch Run, MI 48415 | 143 | 95% | 93% | 28 | -0- | \$480 |
| Boardwalk 2105 Osolo Road Elkhart, IN 46514 | 195 | 97% | 99% | 45 | -0- | \$399 |
| Broadmore Estates 148 Broadmore Estates Goshen, IN 46528 | 390 | 90% | 88% | 93 | 19 | \$483 |
| Brookside Village 107 Skyline Drive Berwick, PA 18603 | 170 | 80% | 81% | 37 | 2 | \$474 |
| Brookview Village 2025 Route 9N, Lot 137 Greenfield Center, NY 12833 | 157 | 92% | 88% | 71 | 39 | \$567 |
| Camelot Village 2700 West 38 th Street Anderson, IN 46013 | 95 | 92% | 84% | 32 | 50 | \$341 |
| Camelot Woods 500 Earnhardt Dr. Altoona, PA 16601 | 147 | 54% | NA | 27 | -0- | \$310 |
| Candlewick Court 1800 Candlewick Drive Owosso, MI 48867 | 211 | 72% | 64% | 40 | -0- | \$498 |
| Carsons 649 North Franklin St. Lot 116 Chambersburg, PA 17201 | 131 | 84% | 78% | 14 | 4 | \$430 |
| Catalina 6501 Germantown Road Middletown, OH 45042 | 462 | 66% | 55% | 75 | 26 | \$450 |

| Name of Community | Number of Developed Sites | Occupancy Percentage at 12/31/20 | Occupancy Percentage at 12/31/19 | Acreage Developed | Additional Acreage | Weighted Average Monthly Rent Per Site at 12/31/20 |
|---|----------------------------------|---|---|--------------------------|---------------------------|---|
| Cedarcrest Village 1976 North East Avenue Vineland, NJ 08360 | 283 | 96% | 95% | 71 | 30 | \$658 |
| Chambersburg I & II 5368 Philadelphia Ave Lot 34 Chambersburg, PA 17201 | 99 | 78% | 80% | 11 | -0- | \$400 |
| Chelsea 459 Chelsea Lane Sayre, PA 18840 | 84 | 96% | 95% | 12 | -0- | \$443 |
| Cinnamon Woods 70 Curry Avenue Conowingo, MD 21918 | 62 | 98% | 95% | 10 | 67 | \$531 |
| City View 110 Fort Granville Lot C5 Lewistown, PA 17044 | 57 | 95% | 93% | 20 | 2 | \$353 |
| Clinton Mobile Home Resort 60 N State Route 101 Tiffin, OH 44883 | 116 | 100% | 99% | 23 | 1 | \$443 |
| Collingwood 358 Chambers Road Lot 001 Horseheads, NY 14845 | 102 | 90% | 85% | 20 | -0- | \$472 |
| Colonial Heights 917 Two Ridge Road Wintersville, OH 43953 | 160 | 88% | 83% | 31 | 1 | \$348 |
| Countryside Estates 1500 East Fuson Road Muncie, IN 47302 | 162 | 80% | 83% | 46 | 18 | \$374 |
| Countryside Estates 6605 State Route 5 Ravenna, OH 44266 | 142 | 95% | 95% | 27 | -0- | \$371 |
| Countryside Village/ Duck River Estates 200 Early Road Columbia, TN 38401 | 359 | 89% | 96% | 69 | 108 | \$408 |
| Cranberry Village 100 Treesdale Drive Cranberry Township, PA 16066 | 187 | 98% | 96% | 36 | -0- | \$605 |
| Crestview Wolcott Hollow Rd & Route 220 Athens, PA 18810 | 98 | 95% | 93% | 19 | -0- | \$409 |
| Cross Keys Village 259 Brown Swiss Circle Duncansville, PA 16635 | 132 | 89% | 85% | 21 | 2 | \$486 |

| Name of Community | Number of Developed Sites | Occupancy Percentage at 12/31/20 | Occupancy Percentage at 12/31/19 | Acreage Developed | Additional Acreage | Weighted Average Monthly Rent Per Site at 12/31/20 |
|--|----------------------------------|---|---|--------------------------|---------------------------|---|
| Crossroads Village 549 Chicory Lane Mount Pleasant, PA 15666 | 34 | 79% | 76% | 9 | -0- | \$404 |
| Dallas Mobile Home Community 1104 N 4 th Street Toronto, OH 43964 | 145 | 86% | 79% | 21 | -0- | \$277 |
| Deer Meadows 1291 Springfield Road New Springfield, OH 44443 | 98 | 95% | 87% | 22 | 8 | \$346 |
| D & R Village 430 Route 146 Lot 65A Clifton Park, NY 12065 | 235 | 94% | 91% | 44 | -0- | \$632 |
| Evergreen Estates 425 Medina Street Lodi, OH 44254 | 55 | 98% | 100% | 10 | 3 | \$368 |
| Evergreen Manor 26041 Aurora Avenue Bedford, OH 44146 | 68 | 90% | 85% | 7 | -0- | \$346 |
| Evergreen Village 9249 State Route 44 Mantua, OH 44255 | 50 | 92% | 98% | 10 | 4 | \$392 |
| Fairview Manor 2110 Mays Landing Road Millville, NJ 08332 | 317 | 95% | 94% | 66 | 132 | \$670 |
| Fifty-One Estates Hayden Boulevard Elizabeth, PA 15037 | 171 | 86% | 78% | 42 | 3 | \$449 |
| Forest Creek 855 E. Mishawaka Road Elkhart, IN 46517 | 167 | 95% | 96% | 37 | -0- | \$510 |
| Forest Park Village 102 Holly Drive Cranberry Township, PA 16066 | 247 | 95% | 96% | 79 | -0- | \$547 |
| Fox Chapel Village 7 Greene Drive Cheswick, PA 15024 | 121 | 92% | 74% | 23 | 2 | \$384 |
| Frieden Manor 102 Frieden Manor Schuylkill Haven, PA 17972 | 193 | 92% | 88% | 42 | 22 | \$510 |
| Friendly Village 27696 Oregon Road Perrysburg, OH 43551 | 824 | 49% | 46% | 101 | -0- | \$401 |

| Name of Community | Number of Developed Sites | Occupancy Percentage at 12/31/20 | Occupancy Percentage at 12/31/19 | Acreage Developed | Additional Acreage | Weighted Average Monthly Rent Per Site at 12/31/20 |
|---|----------------------------------|---|---|--------------------------|---------------------------|---|
| Green Acres 4496 Sycamore Grove Road Chambersburg, PA 17201 | 25 | 96% | 100% | 6 | -0- | \$424 |
| Gregory Courts 1 Mark Lane Honey Brook, PA 19344 | 39 | 90% | 82% | 9 | -0- | \$687 |
| Hayden Heights 5501 Cosgray Road Dublin, OH 43016 | 115 | 98% | 99% | 19 | -0- | \$423 |
| Heather Highlands 109 Main Street Inkerman, PA 18640 | 408 | 74% | 73% | 79 | -0- | \$479 |
| High View Acres 399 Blue Jay Lane Apollo, PA 15613 | 154 | 83% | 83% | 43 | -0- | \$402 |
| Highland 1875 Osolo Road Elkhart, IN 46514 | 246 | 88% | 88% | 42 | -0- | \$418 |
| Highland Estates 60 Old Route 22 Kutztown, PA 19530 | 318 | 97% | 97% | 98 | 65 | \$621 |
| Hillcrest Crossing 100 Lorraine Drive Lower Burrell, PA 15068 | 198 | 75% | 62% | 60 | 16 | \$338 |
| Hillcrest Estates 14200 Industrial Parkway Marysville, OH 43040 | 220 | 96% | 90% | 46 | 45 | \$456 |
| Hillside Estates Snyder Avenue Greensburg, PA 15601 | 88 | 95% | 82% | 29 | 20 | \$379 |
| Holiday Village 201 Grizzard Avenue Nashville, TN 37207 | 282 | 90% | 97% | 36 | 29 | \$486 |
| Holiday Village 1350 Co Road 3 Elkhart, IN 46514 | 326 | 85% | 75% | 53 | 2 | \$497 |
| Holly Acres Estates 7240 Holly Dale Drive Erie, PA 16509 | 153 | 93% | 91% | 30 | 9 | \$404 |
| Hudson Estates 100 Keenan Road Peninsula, OH 44264 | 159 | 91% | 93% | 19 | -0- | \$329 |

| Name of Community | Number of Developed Sites | Occupancy Percentage at 12/31/20 | Occupancy Percentage at 12/31/19 | Acreage Developed | Additional Acreage | Weighted Average Monthly Rent Per Site at 12/31/20 |
|---|---------------------------|----------------------------------|----------------------------------|-------------------|--------------------|--|
| Huntingdon Pointe 240 Tee Drive Tarrs, PA 15688 | 75 | 91% | 99% | 45 | 4 | \$315 |
| Independence Park 355 Route 30 Clinton, PA 15026 | 92 | 91% | 96% | 36 | 15 | \$405 |
| Kinnebrook 351 State Route 17B Monticello, NY 12701 | 250 | 98% | 94% | 66 | 8 | \$635 |
| Lake Erie Estates 3742 East Main Street, Apt 1 Fredonia, NY 14757 | 162 | 70% | N/A | 21 | -0- | \$406 |
| Lake Sherman Village 7227 Beth Avenue, SW Navarre, OH 44662 | 243 | 94% | 91% | 58 | 39 | \$485 |
| Lakeview Meadows 11900 Duff Road, Lot 58 Lakeview, OH 43331 | 79 | 99% | 93% | 21 | 32 | \$382 |
| Laurel Woods 1943 St. Joseph Street Cresson, PA 16630 | 209 | 76% | 78% | 43 | -0- | \$437 |
| Little Chippewa 11563 Back Massillon Road Orrville, OH 44667 | 62 | 92% | 92% | 13 | -0- | \$372 |
| Maple Manor 18 Williams Street Taylor, PA 18517 | 316 | 82% | 78% | 71 | -0- | \$412 |
| Marysville Estates 548 North Main Street Marysville, OH 43040 | 306 | 65% | 57% | 58 | -0- | \$421 |
| Meadowood 9555 Struthers Road New Middletown, OH 44442 | 122 | 93% | 92% | 20 | -0- | \$435 |
| Meadows 11 Meadows Nappanee, IN 46550 | 335 | 77% | 68% | 61 | -0- | \$428 |
| Meadows of Perrysburg 27484 Oregon Road Perrysburg, OH 43551 | 191 | 93% | 88% | 39 | 16 | \$421 |
| Melrose Village 4400 Melrose Drive, Lot 301 Wooster, OH 44691 | 293 | 91% | 90% | 71 | -0- | \$383 |

| Name of Community | Number of Developed Sites | Occupancy Percentage at 12/31/20 | Occupancy Percentage at 12/31/19 | Acreage Developed | Additional Acreage | Weighted Average Monthly Rent Per Site at 12/31/20 |
|--|---------------------------|----------------------------------|----------------------------------|-------------------|--------------------|--|
| Melrose West 4455 Cleveland Road Wooster, OH 44691 | 29 | 100% | 100% | 27 | 3 | \$408 |
| Memphis Blues ⁽¹⁾ 1401 Memphis Blues Avenue Memphis, TN 38127 | 90 | 69% | 43% | 16 | 78 | \$448 |
| Monroe Valley 15 Old State Road Jonestown, PA 17038 | 44 | 98% | 91% | 11 | -0- | \$546 |
| Moosic Heights 118 1st Street Avoca, PA 18641 | 151 | 93% | 93% | 35 | -0- | \$427 |
| Mount Pleasant Village 549 Chicory Lane Mount Pleasant, PA 15666 | 115 | 97% | 95% | 19 | -0- | \$349 |
| Mountaintop Mountain Top Lane Narvon, PA 17555 | 39 | 92% | 90% | 11 | 2 | \$632 |
| Mountain View ⁽²⁾ Van Dyke Street Coxsackie, NY 12501 | -0- | N/A | N/A | -0- | 220 | \$-0- |
| New Colony 3101 Homestead Duquesne Road West Mifflin, PA 15122 | 113 | 68% | 68% | 16 | -0- | \$441 |
| Northtowne Meadows 6255 Telegraph Road Erie, MI 48133 | 386 | 87% | 85% | 85 | -0- | \$415 |
| Oak Ridge Estates 1201 Country Road 15 (Apt B) Elkhart, IN 46514 | 205 | 96% | 93% | 40 | -0- | \$504 |
| Oakwood Lake Village 308 Gruver Lake Tunkhannock, PA 18657 | 79 | 67% | 63% | 40 | -0- | \$486 |
| Olmsted Falls 26875 Bagley Road Olmsted Township, OH 44138 | 125 | 97% | 95% | 15 | -0- | \$441 |
| Oxford Village 2 Dolinger Drive West Grove, PA 19390 | 224 | 98% | 98% | 59 | 2 | \$725 |
| Parke Place 2331 Osolo Road Elkhart, IN 46514 | 364 | 97% | 96% | 79 | 30 | \$405 |

| Name of Community | Number of Developed Sites | Occupancy Percentage at 12/31/20 | Occupancy Percentage at 12/31/19 | Acreage Developed | Additional Acreage | Weighted Average Monthly Rent Per Site at 12/31/20 |
|--|---------------------------|----------------------------------|----------------------------------|-------------------|--------------------|--|
| Perrysburg Estates 23720 Lime City Road Perrysburg, OH 43551 | 133 | 88% | 65% | 33 | -0- | \$361 |
| Pikewood Manor 1780 Lorain Boulevard Elyria, OH 44035 | 489 | 84% | 67% | 86 | 31 | \$457 |
| Pine Ridge Village/Pine Manor 100 Oriole Drive Carlisle, PA 17013 | 194 | 88% | 87% | 50 | 30 | \$565/\$583 |
| Pine Valley Estates 1283 Sugar Hollow Road Apollo, PA 15613 | 212 | 77% | 68% | 38 | -0- | \$392 |
| Pleasant View Estates 6020 Fort Jenkins Lane Bloomsburg, PA 17815 | 110 | 81% | 76% | 21 | 9 | \$416 |
| Port Royal Village 485 Patterson Lane Belle Vernon, PA 15012 | 476 | 63% | 60% | 101 | -0- | \$491 |
| Redbud Estates 1800 West 38 th Street Anderson, IN 46013 | 580 | 94% | 94% | 128 | 21 | \$301 |
| River Valley Estates 2066 Victory Road Marion, OH 43302 | 231 | 85% | 76% | 60 | -0- | \$412 |
| Rolling Hills Estates 14 Tip Top Circle Carlisle, PA 17015 | 90 | 90% | 92% | 31 | 1 | \$421 |
| Rostraver Estates 1198 Rostraver Road Belle Vernon, PA 15012 | 66 | 89% | 79% | 17 | 66 | \$478 |
| Sandy Valley Estates 11461 State Route 800 N.E. Magnolia, OH 44643 | 364 | 74% | 71% | 102 | 10 | \$440 |
| Shady Hills 1508 Dickerson Pike #L1 Nashville, TN 37207 | 212 | 91% | 96% | 25 | -0- | \$491 |
| Somerset Estates/Whispering Pines 1873 Husband Road Somerset, PA 15501 | 249 | 82% | 79% | 74 | 24 | \$407/\$486 |
| Southern Terrace 1229 State Route 164 Columbiana, OH 44408 | 118 | 100% | 100% | 26 | 4 | \$372 |

| Name of Community | Number of Developed Sites | Occupancy Percentage at 12/31/20 | Occupancy Percentage at 12/31/19 | Acreage Developed | Additional Acreage | Weighted Average Monthly Rent Per Site at 12/31/20 |
|---|----------------------------------|---|---|--------------------------|---------------------------|---|
| Southwind Village 435 E. Veterans Highway Jackson, NJ 08527 | 250 | 99% | 97% | 36 | -0- | \$603 |
| Spreading Oaks Village 7140-29 Selby Road Athens, OH 45701 | 148 | 92% | 89% | 37 | 24 | \$431 |
| Springfield Meadows 4100 Troy Road Springfield, OH 45502 | 123 | 97% | 96% | 43 | 77 | \$381 |
| Suburban Estates 33 Maruca Drive Greensburg, PA 15601 | 200 | 95% | 90% | 36 | -0- | \$417 |
| Summit Estates 3305 Summit Road Ravenna, OH 44266 | 141 | 98% | 95% | 25 | 1 | \$378 |
| Summit Village 246 North 500 East Marion, IN 46952 | 96 | 85% | 85% | 25 | 33 | \$256 |
| Sunny Acres 272 Nicole Lane Somerset, PA 15501 | 207 | 94% | 92% | 56 | 2 | \$420 |
| Sunnyside 2901 West Ridge Pike Eagleview, PA 19403 | 63 | 86% | 83% | 8 | -0- | \$713 |
| Trailmont 122 Hillcrest Road Goodlettsville, TN 37072 | 129 | 92% | 96% | 32 | -0- | \$506 |
| Twin Oaks I & II 27216 Cook Road Lot 1-A Olmsted Township, OH 44138 | 141 | 96% | 99% | 21 | -0- | \$539 |
| Twin Pines 2011 West Wilden Avenue Goshen, IN 46528 | 238 | 84% | 86% | 48 | 2 | \$470 |
| Valley High 229 Fieldstone Lane Ruffs Dale, PA 15679 | 75 | 95% | 80% | 13 | 16 | \$388 |
| Valley Hills 4364 Sandy Lake Road Ravenna, OH 44266 | 268 | 98% | 89% | 66 | 67 | \$373 |
| Valley Stream 60 Valley Stream Mountaintop, PA 18707 | 143 | 77% | 71% | 37 | 6 | \$361 |

| Name of Community | Number of Developed Sites | Occupancy Percentage at 12/31/20 | Occupancy Percentage at 12/31/19 | Acreage Developed | Additional Acreage | Weighted Average Monthly Rent Per Site at 12/31/20 |
|---|----------------------------------|---|---|--------------------------|---------------------------|---|
| Valley View I 1 Sunflower Drive Ephrata, PA 17522 | 104 | 98% | 97% | 19 | -0- | \$547 |
| Valley View II 1 Sunflower Drive Ephrata, PA 17522 | 43 | 100% | 100% | 7 | -0- | \$570 |
| Valley View – Honey Brook 1 Mark Lane Honey Brook, PA 19344 | 147 | 90% | 84% | 28 | 13 | \$674 |
| Voyager Estates 1002 Satellite Drive West Newton, PA 15089 | 259 | 65% | 61% | 72 | 20 | \$371 |
| Waterfalls Village 3450 Howard Road Lot 21 Hamburg, NY 14075 | 196 | 82% | 82% | 35 | -0- | \$605 |
| Wayside 1000 Garfield Avenue Bellefontaine, OH 43331 | 82 | 93% | 83% | 16 | 5 | \$332 |
| Weatherly Estates 271 Weatherly Drive Lebanon, TN 37087 | 270 | 96% | 99% | 41 | -0- | \$436 |
| Wellington Estates 58 Tanner Street Export, PA 15632 | 206 | 72% | 60% | 46 | 1 | \$317 |
| Woodland Manor 338 County Route 11, Lot 165 West Monroe, NY 13167 | 148 | 71% | 68% | 77 | -0- | \$396 |
| Woodlawn Village 265 Route 35 Eatontown, NJ 07724 | 156 | 91% | 91% | 14 | -0- | \$686 |
| Woods Edge 1670 East 650 North West Lafayette, IN 47906 | 599 | 58% | 58% | 151 | 50 | \$412 |
| Wood Valley 2 West Street Caledonia, OH 43314 | 160 | 68% | 62% | 31 | 56 | \$362 |
| Worthington Arms 5277 Columbus Pike Lewis Center, OH 43035 | 223 | 92% | 91% | 36 | -0- | \$610 |

| Name of Community | Number of Developed Sites | Occupancy Percentage at 12/31/20 | Occupancy Percentage at 12/31/19 | Acreage Developed | Additional Acreage | Weighted Average Monthly Rent Per Site at 12/31/20 |
|---|----------------------------------|---|---|--------------------------|---------------------------|---|
| Youngstown Estates 999 Balmer Road Youngstown, NY 14174 | 89 | 66% | 61% | 14 | 59 | \$384 |
| Total | 23,433 | 85.0% | 82.0% | 5,016 | 1,837 | \$461 |

- (1) Community was closed due to an unusual flooding throughout the region in May 2011. We are currently working on the redevelopment of this community. The total redevelopment will be 134 sites. Phase I, consisting of 39 sites, was 100% occupied as of December 31, 2018. Phase II, consisting of 51 sites, was recently completed in 2020 and in the process of being occupied. Phase III, consisting of 44 sites, is in the process of being developed.
- (2) We are currently seeking site plan approvals for approximately 220 sites for this property.

The Company also has 1,800 undeveloped acres that may be developed into approximately 7,300 sites. We have 3,500 sites in various stages of the approval process that may be developed over the next 5 years. Due to the difficulties involved in the approval and construction process, it is difficult to predict the number of sites which will be completed in a given year.

Significant Properties

The Company operated manufactured home properties with an approximate cost of \$1.1 billion as of December 31, 2020. These properties consist of 124 separate manufactured home communities and related improvements. No single community constitutes more than 10% of the total assets of the Company. Our larger properties consist of: Friendly Village with 824 developed sites, Woods Edge with 599 developed sites, Redbud Estates with 580 developed sites, Pikewood Manor with 489 developed sites, and Port Royal Village with 476 developed sites.

Mortgages on Properties

The Company has mortgages on many of its properties. The maturity dates of these mortgages range from the years 2021 to 2030, with a weighted average term of 6.0 years. Interest on these mortgages are at fixed rates ranging from 2.62% to 6.5%. The weighted average interest rate on our mortgages, not including the effect of unamortized debt issuance costs, was approximately 3.8% and 4.1% at December 31, 2020 and 2019, respectively. The aggregate balances of these mortgages, net of unamortized debt issuance costs, totaled \$469.3 million and \$373.7 million at December 31, 2020 and 2019, respectively. (For additional information, see Part IV, Item 15(a) (1) (vi), Note 5 of the Notes to Consolidated Financial Statements – Loans and Mortgages Payable).

Item 3 – Legal Proceedings

The Company is subject to claims and litigation in the ordinary course of business. For additional information about legal proceedings, see Part IV, Item 15(a)(1)(vi), Note 12 of the Notes to Consolidated Financial Statements – Commitments, Contingencies and Legal Matters.

Item 4 – Mine Safety Disclosures

Not Applicable.

PART II

Item 5 – Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Information

The Company’s common stock and its Series C Preferred Stock and Series D Preferred Stock are traded on the New York Stock Exchange (“NYSE”), under the symbols “UMH”, “UMHPRC” and “UMHPRD”, respectively.

Shareholder Information

As of February 28, 2021, there were 1,059 registered shareholders of the Company’s common stock based on the number of record owners.

Recent Sales of Unregistered Securities

None.

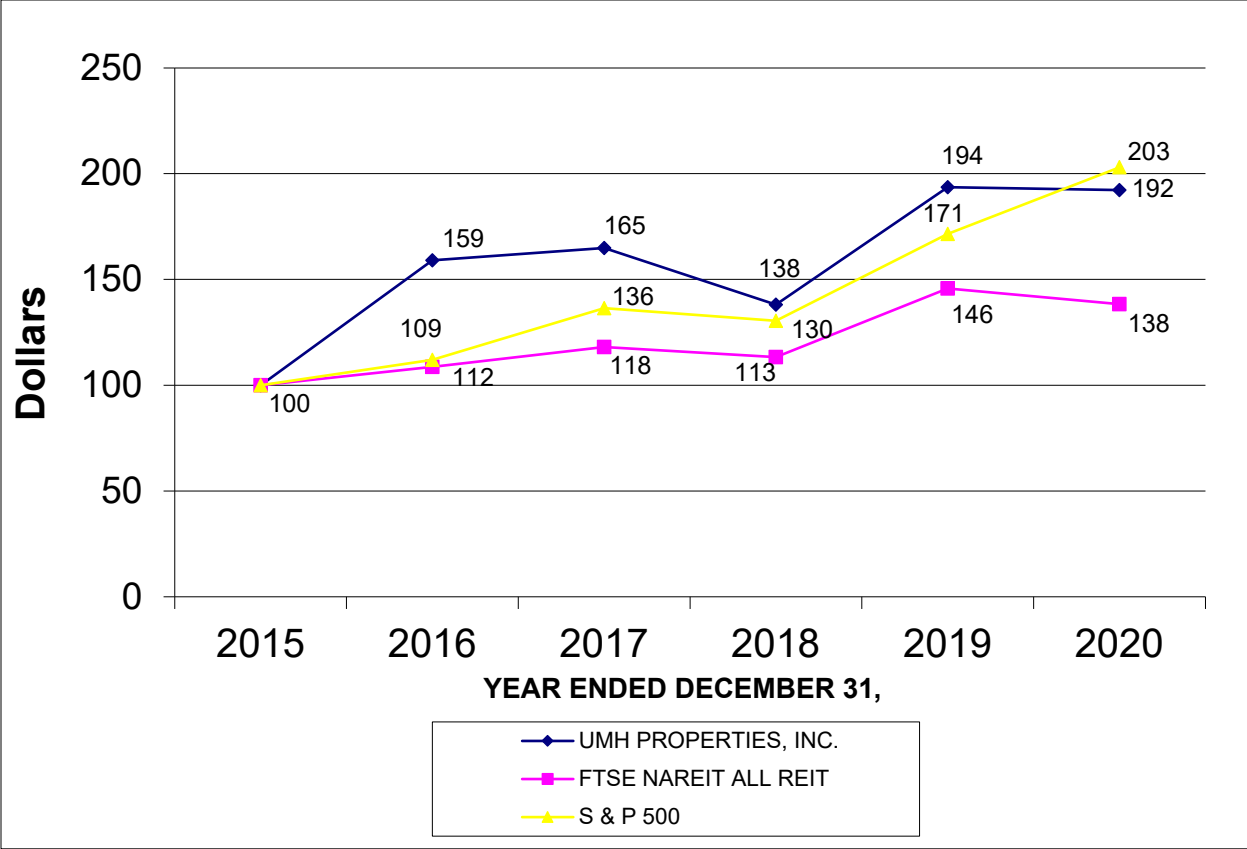
Issuer Purchases of Equity Securities

On January 15, 2020, the Board of Directors reaffirmed our Common Stock Repurchase Program (the “Repurchase Program”) that authorized us to repurchase up to \$25 million in the aggregate of the Company’s common stock. Purchases under the Repurchase Program were permitted to be made using a variety of methods, which may include open market purchases, privately negotiated transactions or block trades, or by any combination of such methods, in accordance with applicable insider trading and other securities laws and regulations. The size, scope and timing of any purchases were based on business, market and other conditions and factors, including price, regulatory and contractual requirements or consents, and capital availability. The Repurchase Program did not require the Company to acquire any particular amount of common stock and may be suspended, modified or discontinued at any time at the Company’s discretion without prior notice. During 2020, the Company repurchased approximately 174,000 shares of common stock at an aggregate cost of \$1.8 million, or a weighted average price of \$10.50 per share. The last repurchase was made on May 14, 2020.

During March 2020, the Company repurchased 531 shares of our Series B Preferred Stock for approximately \$12,000.

Comparative Stock Performance

The following line graph compares the total return of the Company’s common stock for the last five years to the FTSE NAREIT All REITs Index published by the National Association of Real Estate Investment Trusts (“NAREIT”) and to the S&P 500 Index for the same period. The graph assumes a \$100 investment in our common stock and in each of the indexes listed below on December 31, 2015 and the reinvestment of all dividends. The total return reflects stock price appreciation and dividend reinvestment for all three comparative indices. The information herein has been obtained from sources believed to be reliable, but neither its accuracy nor its completeness is guaranteed. Our stock performance shown in the graph below is not indicative of future stock performance.



Item 6 – Selected Financial Data

The following table sets forth selected financial and other information for the Company as of and for each of the years in the five year period ended December 31, 2020. The historical financial data has been derived from our historical financial statements. This following information should be read in conjunction with “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” and the Consolidated Financial Statements and Notes thereto included elsewhere herein (*in thousands except per share amounts*).

| | 2020 | 2019 | 2018 ⁽¹⁾ | 2017 ⁽¹⁾ | 2016 ⁽¹⁾ |
|--|-------------|-------------|---------------------|---------------------|---------------------|
| Operating Data: | | | | | |
| Rental and Related Income | \$143,344 | \$128,611 | \$113,833 | \$101,801 | \$90,680 |
| Sales of Manufactured Homes | 20,265 | 17,980 | 15,754 | 10,847 | 8,534 |
| Total Income | 163,609 | 146,591 | 129,587 | 112,648 | 99,214 |
| Community Operating Expenses | 63,175 | 61,708 | 52,949 | 47,847 | 42,638 |
| Total Expenses | 135,296 | 126,582 | 111,010 | 96,617 | 83,256 |
| Interest Income | 2,917 | 2,619 | 2,255 | 2,007 | 1,585 |
| Dividend Income | 5,729 | 7,535 | 10,367 | 8,135 | 6,636 |
| Gain on Sales of Marketable Securities, net | -0- | -0- | 20 | 1,748 | 2,285 |
| Increase (Decrease) in Fair Value of Marketable Securities ⁽³⁾ | (14,119) | 14,915 | (51,675) | -0- | -0- |
| Interest Expense | 18,287 | 17,805 | 16,039 | 15,877 | 15,432 |
| Net Income (Loss) | 5,055 | 27,750 | (36,216) | 12,668 | 11,535 |
| Net Income (Loss) Attributable to Common Shareholders | (29,759) | 2,566 | (56,532) | (7,679) | (2,569) |
| Net Income (Loss) Attributable to Common Shareholders Per Share | | | | | |
| Basic | (0.72) | 0.07 | (1.53) | (0.24) | (0.10) |
| Diluted | (0.72) | 0.06 | (1.53) | (0.24) | (0.10) |
| Cash Flow Data: | | | | | |
| Net Cash Provided (Used) by: | | | | | |
| Operating Activities | \$69,037 | \$38,516 | \$40,175 | \$40,858 | \$29,203 |
| Investing Activities | (103,770) | (122,350) | (137,603) | (152,921) | (77,567) |
| Financing Activities | 44,330 | 90,053 | 82,314 | 130,604 | 45,895 |
| Balance Sheet Data: | | | | | |
| Total Investment Property | \$1,108,483 | \$1,015,281 | \$881,456 | \$764,439 | \$640,217 |
| Total Assets | 1,087,214 | 1,025,453 | 880,902 | 823,881 | 680,445 |
| Mortgages Payable, net of unamortized debt issuance costs | 469,279 | 373,658 | 331,093 | 304,895 | 293,026 |
| Loans Payable, net of unamortized debt issuance costs | 87,009 | 83,686 | 107,985 | 84,704 | 58,285 |
| Series A 8.25% Cumulative Redeemable Preferred Stock | -0- | -0- | -0- | -0- | 91,595 |
| Series B 8.0% Cumulative Redeemable Preferred Stock | -0- | 95,030 | 95,030 | 95,030 | 95,030 |
| Series C 6.75% Cumulative Redeemable Preferred Stock | 247,100 | 243,750 | 143,750 | 143,750 | -0- |
| Series D 6.375% Cumulative Redeemable Preferred Stock | 160,854 | 66,268 | 50,000 | -0- | -0- |
| Total Shareholders’ Equity | 501,808 | 546,339 | 424,698 | 421,215 | 317,032 |
| Other Information: | | | | | |
| Average Number of Shares Outstanding | | | | | |
| Basic | 41,395 | 39,909 | 36,871 | 32,676 | 27,809 |
| Diluted | 41,395 | 40,203 | 36,871 | 32,676 | 27,809 |
| Community NOI ⁽²⁾ | \$80,169 | \$66,903 | \$60,884 | \$53,954 | \$48,042 |
| Funds from Operations ⁽²⁾ | \$26,283 | \$24,573 | \$26,965 | \$23,462 | \$20,732 |
| Normalized Funds from Operations ⁽²⁾ | \$29,154 | \$25,207 | \$27,470 | \$21,714 | \$18,446 |
| Cash Dividends Per Common Share | \$0.72 | \$0.72 | \$0.72 | \$0.72 | \$0.72 |

- (1) Financial information has been revised to reflect certain reclassifications in prior periods to conform to the current period presentation.
- (2) Refer to Item 7, Management’s Discussion and Analysis of Financial Condition and Results of Operations, Supplemental Measures, contained in this Form 10-K for information regarding the presentation of community NOI, and for the presentation and reconciliation of funds from operations and normalized funds from operations to net income (loss) attributable to common shareholders.
- (3) Represents change in unrealized gain (loss) in marketable securities which is included in the Consolidated Statements of Income (Loss) in accordance with ASU 2016-01 adopted January 1, 2018.

Item 7 – Management’s Discussion and Analysis of Financial Condition and Results of Operations

Impact of COVID-19

The following discussion is intended to provide certain information regarding the impact of the COVID-19 pandemic on our business and management’s efforts to respond to those impacts.

We continue to closely monitor our operations and government recommendations and have taken steps to make the safety, security and welfare of our employees, their families and our residents a top priority.

We have complied with government “stay-at-home” orders and “social distancing” practices. We have implemented remote working arrangements for our non-essential employees. Our IT system and website allow for virtual tours of our homes for sale or rent, online execution of applications and lease agreements, online payment of rent and other tenant actions. With the lifting of shelter-in-place mandates, we are experiencing high demand for our rental homes and our homes for sale, while also experiencing fewer move-outs. We continue to maintain our communities and deliver essential services to our residents while following social distancing protocols.

We had suspended the mailing of rent increase notifications in March and April of 2020, which delayed the related rent increases, which would have been effective May 1, 2020 and June 1, 2020. This affected May 2020’s rental income by approximately \$24,000 and June 2020’s rental income by an additional \$20,000. We subsequently resumed our regular rent increase schedule. We had offered deferred payment plans, as needed, to our residents who have experienced financial hardship related to COVID-19. Approximately 100 residents (less than 1%) have executed these payment plans in 2020. Although the unemployment benefits and the economic stimulus payments under the Coronavirus Aid, Relief, and Economic Security (CARES) Act are no longer in effect, many of our residents should benefit from the availability of the \$25 billion in federal aid to state and local governments for rental assistance programs, pursuant to the 2021 Consolidated Appropriation Act that was enacted subsequent to year-end. Collections are consistent with pre-pandemic levels and we have collected 98% of December 2020 site and home rent as of today’s date.

The impact of the COVID-19 pandemic remains uncertain and dependent on future developments (including the ongoing roll-out of vaccines and their efficacy). We will continue to monitor these rapidly evolving developments and respond in the best interests of our employees, residents and shareholders. At this time, we believe that the COVID-19 pandemic and its consequences will not have a material adverse effect on our operations.

2020 Accomplishments

During 2020, 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 11%;
- Increased Community Net Operating Income (“NOI”) by 20%;
- Increased Normalized Funds from Operations (“Normalized FFO”) by 16% and Normalized FFO per share by 11%;
- Improved our Operating Expense ratio by 390 basis points to 44.1%;
- Increased Same Property NOI by 15%;
- Increased Same Property Occupancy by 718 sites from 83.6% to 86.8% or 320 basis points;
- Increased our rental home portfolio by 858 homes to approximately 8,300 total rental homes, representing an increase of 12%;
- Increased rental home occupancy by 230 basis points from 92.3% to 94.6%;

- Increased Sales of Manufactured Homes by 13%;
- Acquired two communities containing approximately 310 homesites for a total cost of approximately \$7.8 million;
- Completed the financing of 28 unencumbered communities with Fannie Mae for proceeds of approximately \$106 million, with a maturity of 10 years and a 30-year amortization at a fixed rate of 2.62%;
- Issued and sold approximately 135,000 shares of Common Stock through an At-the-Market Sale Program for our Common Stock at a weighted average price of \$14.60 per share, generating gross proceeds of \$2.0 million and net proceeds of \$1.7 million, after offering expenses;
- Issued and sold, through At-the-Market Sale Programs for our Preferred Stock, 134,000 shares of Series C Preferred Stock at a weighted average price of \$24.96 per share and 3.8 million shares of Series D Preferred Stock at a weighted average price of \$24.98 per share, generating total gross proceeds of \$97.8 million and total net proceeds of \$96.1 million, after offering expenses;
- Redeemed all 3.8 million issued and outstanding shares of our 8.0% Series B Cumulative Redeemable Preferred Stock for \$96.1 million with proceeds from our 2.62% Fannie Mae financing, resulting in a savings of over \$5 million annually;
- Reduced the weighted average interest rate on our mortgages payable from 4.1% to 3.8% year-over-year;
- Subsequent to year end, issued and sold 768,000 additional shares of Series D Preferred Stock at a weighted average price of \$24.80 per share through our At-the-Market Sale Program for our Preferred Stock, generating gross proceeds of \$19.1 million and net proceeds of \$18.8 million, after offering expenses;
- Subsequent to year end, acquired two communities containing approximately 340 homesites for a total cost of approximately \$8.0 million; and
- Subsequent to year end, raised our dividend by 5.5% to an annualized rate of \$0.76 per share.

Refer to Item 7, Management's Discussion and Analysis of Financial Condition, Results of Operations, and Non-GAAP Measures, contained in this Form 10-K for information regarding the presentation of community NOI, and for the presentation and reconciliation of funds from operations and normalized funds from operations to net income (loss) attributable to common shareholders.

Overview

The following discussion and analysis of the consolidated financial condition and results of operations should be read in conjunction with "Selected Financial Data" and the historical Consolidated Financial Statements and Notes thereto included elsewhere in this Form 10-K.

The Company is a self-administered, self-managed, REIT with headquarters in Freehold, New Jersey. The Company's primary business is the ownership and operation of manufactured home communities, which includes leasing manufactured home spaces on an annual or month-to-month basis to residential manufactured home owners. The Company also leases homes to residents and, through its taxable REIT subsidiary, S&F, sells and finances homes to residents and prospective residents of our communities.

As of December 31, 2020, we owned and operated 124 manufactured home communities containing approximately 23,400 developed homesites. These communities are located in New Jersey, New York, Ohio, Pennsylvania, Tennessee, Indiana, Michigan and Maryland. UMH has continued to execute our growth strategy of purchasing well-located communities in our target markets, including the energy-rich Marcellus and Utica Shale regions. During the year ended December 31, 2020, we purchased two manufactured home communities, for an aggregate purchase price of \$7.8 million. These acquisitions added approximately 310 developed homesites to our portfolio, bringing our total to 124 communities containing approximately 23,400 developed homesites as of December 31, 2020. Subsequent to December 31, 2020, we purchased a community in Alabama and a community in South Carolina. The two communities acquired during 2021 contain a total of 337 homesites and were purchased for a total price of \$8.0 million.

The Company earns income from the operation of its manufactured home communities, leasing of manufactured homesites, the rental of manufactured homes, the sale and finance of manufactured homes and the brokering of home sales and revenue under cable service agreements as well as from appreciation in the values of the manufactured home communities and vacant land owned by the Company. Management views the Company as a single segment based on its method of internal reporting in addition to its allocation of capital and resources. The

Company also invests in securities of other REITs which the Company generally limits to no more than approximately 15% of its undepreciated assets.

Occupancy in our properties, as well as our ability to increase rental rates, directly affects revenues. In 2020, total income increased 12% from the prior year and Community NOI (as defined below) increased 20% from the prior year, primarily due to the acquisition and rental programs in 2019 and 2020. Overall occupancy was 85.0% and 82.0% at December 31, 2020 and 2019, respectively. Overall occupancy includes communities acquired in 2020 with an average occupancy of 64%. Same property occupancy, which includes communities owned and operated as of January 1, 2019, increased from 83.6% at December 31, 2019 to 86.8% at December 31, 2020.

Despite the COVID-19 pandemic, sales of manufactured homes performed well during 2020, increasing by 13% year-over-year. Demand for quality affordable housing remains healthy. Conventional single-family home prices continue their rise supported by low inventories and increasing sales. As for-sale inventory remains limited, a large share of housing demand will be looking at alternative forms of housing. Our property type offers substantial comparative value that should result in increased demand.

The macro-economic environment and current housing fundamentals continue to favor home rentals. The inability to satisfy down payment requirements, more stringent credit terms, and steadily increasing home prices continue to create hurdles for would-be homebuyers. Rental homes in a manufactured home community allow the resident to obtain the efficiencies of factory-built housing and the amenities of community living for less than the cost of other forms of affordable housing. We continue to see increased demand for rental homes. During 2020, our portfolio of rental homes increased by 858 homes. Occupied rental homes represent approximately 39.2% of total occupied sites. Occupancy in rental homes continues to be strong and is at 94.6% as of December 31, 2020. We compare favorably with other types of rental housing, including apartments, and we will continue to allocate capital to rental home purchases, as demand dictates.

The Company holds a portfolio of marketable securities of other REITs with a fair value of \$103.2 million at December 31, 2020, representing 7.6% of our undepreciated assets (total assets excluding accumulated depreciation). The REIT securities portfolio provides the Company with additional diversification, liquidity and income, and serves as a proxy for real estate when more favorable risk adjusted returns are not available. As of December 31, 2020, the Company's portfolio consisted of 3% REIT preferred stocks and 97% REIT common stocks.

The Company invests in these REIT securities and, from time to time, may use margin debt when an adequate yield spread can be obtained. As of December 31, 2020, the Company had borrowings of \$17.6 million under its margin line at 0.75% interest. The Company's weighted average yield on the securities portfolio was approximately 4.7% at December 31, 2020. At December 31, 2020, the Company had unrealized losses of \$39.4 million in its REIT securities portfolio. It is our intent to hold these securities for investment on a long-term basis.

The Company continues to strengthen its balance sheet. During 2020, the Company raised approximately \$9.2 million in new capital through the Dividend Reinvestment and Stock Purchase Plan ("DRIP"). During the year ended December 31, 2020, through an At-the-Market Sale Program ("ATM Program") for our Series C Preferred Stock and Series D Preferred Stock that we commenced in 2019 (the "2019 Preferred ATM Program") and a subsequent ATM Program for our Series C Preferred Stock and Series D Preferred Stock that we commenced in July 2020 (the "New Preferred ATM Program"), the Company issued and sold a total of 134,000 shares of our Series C Preferred Stock and 3.8 million shares of our Series D Preferred Stock, generating gross proceeds of \$97.8 million and net proceeds of \$96.1 million, after offering expenses, during the year ended December 31, 2020. Subsequent to year end, the Company issued and sold an additional 768,000 shares of its Series D Preferred Stock at a weighted average price of \$24.80 per share under the New Preferred ATM Program, generating gross proceeds of \$19.1 million and net proceeds of \$18.8 million, after offering expenses.

During the year ended December 31, 2020, the Company also issued and sold 135,000 shares of Common Stock at a weighted average price of \$14.60 per share through an ATM Program for our Common Stock (the "Common ATM Program") that we commenced in June 2020, generating gross proceeds of \$2.0 million and net proceeds of \$1.7 million, after offering expenses.

On October 20, 2020, the Company redeemed all 3.8 million issued and outstanding shares of its Series B Preferred Stock at a redemption price equal to the \$25.00 per share liquidation preference plus accrued and unpaid dividends to, but not including, the October 20, 2020 redemption date in an amount of \$0.2722 per share, for a total payment of \$25.2722 per share, or \$96.1 million in the aggregate. The redemption was funded in part with proceeds from a \$106 million property financing with Fannie Mae completed in August 2020 and described below.

The Company believes that its capital structure, which allows for the ownership of assets using a balanced combination of equity obtained through the issuance of common stock, preferred stock and debt, will enhance shareholder returns as the properties appreciate over time.

During August 2020, the Company completed a financing of 28 of its previously unencumbered communities, containing approximately 4,100 sites, through Wells Fargo Bank, N. A. for total proceeds of approximately \$106 million. This secured Federal National Mortgage Association (“Fannie Mae”) credit facility has a 10-year maturity with a 30-year amortization schedule, with interest at a fixed rate of 2.62%.

At December 31, 2020, the Company had approximately \$15.3 million in cash and cash equivalents and \$30 million available on our credit facility, with an additional \$50 million potentially available pursuant to an accordion feature. We also had \$29.4 million available on our revolving lines of credit for the financing of home sales and the purchase of inventory and \$15 million available on our line of credit secured by rental homes and rental homes leases. In addition, we held approximately \$103.2 million in marketable REIT securities encumbered by \$17.6 million in margin loans. In general, the Company may borrow up to 50% of the value of the marketable securities.

The Company intends to continue to increase its real estate investments. Our business plan includes acquiring communities that yield in excess of our cost of funds and then making physical improvements, including adding rental homes onto otherwise vacant sites. In 2019 and 2020, we added a total of six manufactured home communities to our portfolio, encompassing approximately 1,800 developed sites. These manufactured home communities were acquired with an average occupancy rate of 63%. We acquired two additional communities subsequent to December 31, 2020. The Company will utilize the rental home program to seek to increase occupancy rates and improve operating results at these communities. There is no guarantee that any additional opportunities will materialize or that the Company will be able to take advantage of such opportunities. The growth of our real estate portfolio depends on the availability of suitable properties which meet the Company’s investment criteria and appropriate financing. Competition in the market areas in which the Company operates is significant and affects acquisitions, occupancy levels, rental rates and operating expenses of certain properties.

See PART I, Item 1- Business and Item 1A – Risk Factors for a more complete discussion of the economic and industry-wide factors relevant to the Company, the Company's lines of business and principal products and services, and the opportunities, challenges and risks on which the Company is focused.

Acquisitions in 2020 and 2019

| <u>Community</u> | <u>Date of Acquisition</u> | <u>State</u> | <u>Number of Sites</u> | <u>Purchase Price (in thousands)</u> | <u>Number of Acres</u> | <u>Occupancy at Acquisition</u> |
|----------------------------------|----------------------------|--------------|------------------------|--------------------------------------|------------------------|---------------------------------|
| Acquisitions in 2020 | | | | | | |
| Camelot Woods | July 24, 2020 | PA | 147 | \$3,340 | 27 | 56% |
| Lake Erie Estates | September 21, 2020 | NY | 163 | 4,500 | 21 | 71% |
| Total 2020 | | | 310 | \$7,840 | 48 | 64% |
| Acquisitions in 2019 | | | | | | |
| Friendly Village | July 3, 2019 | OH | 824 | \$19,386 | 101 | 46% |
| New Colony and Fifty One Estates | July 30, 2019 | PA | 285 | 11,650 | 61 | 76% |
| Northtowne Meadows | July 3, 2019 | OH | 386 | 25,201 | 85 | 88% |
| Total 2019 | | | 1,495 | \$56,237 | 247 | 62% |

Results of Operations

2020 vs. 2019

Rental and related income increased from \$128.6 million for the year ended December 31, 2019 to \$143.3 million for the year ended December 31, 2020, or 11%. This increase was due to the acquisitions during 2019 and 2020, as well as an increase in rental rates, same property occupancy and additional rental homes. During 2020, the Company raised rental rates by 3% to 4% at most communities. Rent increases vary depending on overall market conditions and demand. Occupancy, as well as the ability to increase rental rates, directly affects revenues. The Company has been acquiring communities with vacant sites that can potentially be occupied and earn income in the future. Overall occupancy was 85.0% and 82.0% at December 31, 2020 and 2019, respectively. Overall occupancy includes communities acquired in 2020 and 2019, which had an average occupancy of 64% and 62%, respectively, at the time of acquisition. Same property occupancy has increased from 83.6% at December 31, 2019 to 86.8% at December 31, 2020. The same property occupancy rate is exclusive of the sites at Memphis Blues, which is under redevelopment due to a flood in 2011. Demand for rental homes continues to be strong. As of December 31, 2020, we had approximately 8,300 rental homes with an occupancy of 94.6%. We continue to evaluate the demand for rental homes and will invest in additional homes as demand dictates. Vacant sites allow for future revenue growth.

Community operating expenses remained relatively stable increasing from \$61.7 million for the year ended December 31, 2019 to \$63.2 million for the year ended December 31, 2020, or 2%.

Community NOI increased from \$66.9 million for the year ended December 31, 2019 to \$80.2 million for the year ended December 31, 2020, or 20%. This increase was primarily due to the acquisitions during 2019 and 2020 and an increase in rental rates, occupancy and rental homes. The operating expense ratio (defined as community operating expenses divided by rental and related income) was 47.5% and 44.1%, excluding non-recurring operating expenses, for the year ended December 31, 2019 and 2020, respectively. Many recently acquired communities have deferred maintenance requiring higher than normal expenditures in the first few years of ownership. Because most of the community expenses consist of fixed costs, as occupancy rates increase, these expense ratios are expected to continue to improve. Since the Company has the ability to increase its rental rates annually, increasing costs due to inflation and changing prices have generally not had a material effect on revenues and income from continuing operations.

Sales of manufactured homes increased from \$18.0 million for the year ended December 31, 2019 to \$20.3 million for the year ended December 31, 2020, or 13%. The total number of homes sold was 323 homes in 2020 as compared to 299 homes in 2019. There were 140 new homes sold in 2020 as compared to 135 in 2019. The Company's average sales price was approximately \$63,000 and \$60,000 for the years ended December 31, 2020 and 2019, respectively. Cost of sales of manufactured homes increased from \$12.9 million for the year ended December 31, 2019 to \$14.4 million for the year ended December 31, 2020, or 11%. The gross profit percentage was 29% and 28% for 2020 and 2019, respectively. Selling expenses decreased from \$5.1 million for the year ended December 31, 2019 to \$4.9 million for the year ended December 31, 2020, or 3%. Gain from the sales operations (defined as sales of manufactured homes less cost of sales of manufactured homes less selling expenses less interest on the financing of inventory) increased from a loss of \$290,000 for the year ended December 31, 2019 to a gain of \$768,000 for the year ended December 31, 2020. Many of the costs associated with sales, such as rent, salaries, and to an extent, advertising and promotion, are fixed. The National Association of Realtors reported that in December 2020, sales of existing homes grew 22% from December 2019. Home prices continue their rise as fewer sellers are listing homes and inventories decline. The inherent affordability of our property type becomes more and more apparent, which should result in increased demand. The Company continues to be optimistic about future sales and rental prospects given the fundamental need for affordable housing. The Company believes that sales of new homes produce new rental revenue and represent an investment in the upgrading of our communities.

General and administrative expenses increased from \$10 million for the year ended December 31, 2019 to \$11.1 million for the year ended December 31, 2020, or 10%. These increases were due to an increase in personnel costs, including an increase in incentive compensation based on FFO metrics and an increase in matching contributions associated with our 401(k) Plan. General and administrative expenses, excluding non-recurring expenses, as a percentage of gross revenue (total income plus interest, dividend and other income) was 6.4% and 6.3% at December 31, 2020 and 2019, respectively.

Depreciation expense increased from \$36.8 million for the year ended December 31, 2019 to \$41.7 million for the year ended December 31, 2020, or 13%. This increase was primarily due to the acquisitions and the increase in rental homes during 2020 and 2019.

Interest income increased from \$2.6 million for the year ended December 31, 2019 to \$2.9 million for the year ended December 31, 2020, or 11%. This increase was primarily due to an increase in the average balance of notes receivable from \$33.1 million for the year ended December 31, 2019 to \$40.4 million for the year ended December 31, 2020.

Dividend income decreased from \$7.5 million for the year ended December 31, 2019 to \$5.7 million for the year ended December 31, 2020, or 24%. This decrease was primarily due to reduced dividends from our securities holdings, as many REITs reduced their dividends in 2020 due to the COVID-19 pandemic. Dividends received from our marketable securities investments were at a weighted average yield of approximately 4.7% and 6.3% at December 31, 2020 and 2019, respectively.

Increase (decrease) in fair value of marketable securities decreased from an unrealized gain of \$14.9 million for the year ended December 31, 2019 to an unrealized loss of \$14.1 million for the year ended December 31, 2020. This decrease was due to the effects of the COVID-19 pandemic on prices in the securities market. As of December 31, 2020, the Company had total net unrealized losses of \$39.4 million in its REIT securities portfolio.

Interest expense, including amortization of financing costs, increased from \$17.8 million for the year ended December 31, 2019 to \$18.3 million for the year ended December 31, 2020, or 3%. This increase was primarily due to the \$106 million Fannie Mae credit facility we entered into during August 2020. The average balance of mortgages payable was approximately \$421.5 million during 2020 as compared to approximately \$352.4 million during 2019. The weighted average interest rate on mortgages, not including the effect of unamortized debt issuance costs, was 3.8% at December 31, 2020 as compared to 4.1% at December 31, 2019.

2019 vs. 2018

Rental and related income increased from \$113.8 million for the year ended December 31, 2018 to \$128.6 million for the year ended December 31, 2019, or 13%. This increase was due to the acquisitions during 2018 and 2019, as well as an increase in rental rates, same property occupancy and additional rental homes. During 2019, the Company raised rental rates by 3% to 4% at most communities. Rent increases varied depending on overall market conditions and demand. Occupancy, as well as the ability to increase rental rates, directly affects revenues. The Company has been acquiring communities with vacant sites that can potentially be occupied and earn income in the future. Overall occupancy was 82.0% at December 31, 2019 and 2018, respectively. Overall occupancy includes communities acquired in 2019 and 2018, which had an average occupancy of 62% and 79%, respectively, at the time of acquisition. Same property occupancy increased from 82.2% at December 31, 2018 to 83.8% at December 31, 2019. The same property occupancy rate is exclusive of the sites at Memphis Blues, which was under redevelopment due to a flood in 2011. Demand for rental homes continued to be strong in 2019. As of December 31, 2019, we had approximately 7,400 rental homes with an occupancy of 92.3%.

Community operating expenses increased from \$52.9 million for the year ended December 31, 2018 to \$61.7 million for the year ended December 31, 2019, or 17%. These increases were primarily due to an increase in water and sewer costs, tree removal, rental home expenses and payroll and personnel costs primarily from the acquisitions made during 2018 and 2019 and the increase in rental homes. In addition, we incurred emergency windstorm tree removal expenses totaling \$179,000. Also included in community operating expenses was a one-time settlement of \$375,000 for a utility billing dispute over a prior 10-year period.

Community NOI increased from \$60.9 million for the year ended December 31, 2018 to \$66.9 million for the year ended December 31, 2019, or 10%. This increase was primarily due to the acquisitions during 2018 and 2019 and an increase in rental rates, occupancy and rental homes. The operating expense ratio (defined as community operating expenses divided by rental and related income) was 46.5% and 47.5%, excluding non-recurring operating expenses, for the year ended December 31, 2018 and 2019, respectively. Many recently acquired communities have deferred maintenance requiring higher than normal expenditures in the first few years of ownership. Because most of the community expenses are fixed costs, as occupancy rates continue to increase, these expense ratios will continue to improve. Because of the Company's ability to increase its rental rates annually, increasing costs due to inflation and changing prices have generally not had a material effect on revenues and income from continuing operations.

Sales of manufactured homes increased from \$15.8 million for the year ended December 31, 2018 to \$18 million for the year ended December 31, 2019, or 14%. The total number of homes sold was 299 homes in 2019 as compared to 295 homes in 2018. There were 135 new homes sold in 2019 as compared to 125 in 2018. The Company's average sales price was approximately \$60,000 and \$53,000 for the years ended December 31, 2019 and 2018, respectively. Cost of sales of manufactured homes increased from \$11.7 million for the year ended December 31, 2018 to \$12.9 million for the year ended December 31, 2019, or 10%. The gross profit percentage was 28% and 26% for 2019 and 2018, respectively. Selling expenses increased from \$3.8 million for the year ended December 31, 2018 to \$5.1 million for the year ended December 31, 2019, or 35%. Gain (loss) from the sales operations (defined as sales of manufactured homes less cost of sales of manufactured homes less selling expenses less interest on the financing of inventory) decreased from a gain of \$75,000 for the year ended December 31, 2018 to a loss of \$290,000 for the year ended December 31, 2019. Many of these costs, such as rent, salaries, and to an extent, advertising and promotion, are fixed. Management is encouraged by our continued sales growth. The U.S. homeownership rate was 65.1% in the fourth quarter of 2019, according to the U.S. Census. This is down from 69.2% at its peak at the end of 2004.

General and administrative expenses decreased from \$10.9 million for the year ended December 31, 2018 to \$10 million for the year ended December 31, 2019, or 8%. This decrease was due to a decrease in incentive compensation. General and administrative expenses, excluding non-recurring operating expenses, as a percentage of gross revenue (total income plus interest, dividend and other income) was 6.3% and 7.3% at December 31, 2019 and 2018, respectively.

Depreciation expense increased from \$31.7 million for the year ended December 31, 2018 to \$36.8 million for the year ended December 31, 2019, or 16%. This increase was primarily due to the acquisitions and the increase in rental homes during 2019 and 2018.

Interest income increased from \$2.3 million for the year ended December 31, 2018 to \$2.6 million for the year ended December 31, 2019, or 16%. This increase was primarily due to an increase in the average balance of notes receivable from \$26.9 million for the year ended December 31, 2018 to \$33.1 million for the year ended December 31, 2019.

Dividend income decreased from \$10.4 million for the year ended December 31, 2018 to \$7.5 million for the year ended December 31, 2019, or 27%. This decrease was primarily due to a reduction in dividends from three securities. Dividends received from our marketable securities investments were at a weighted average yield of approximately 6.3% and 7.3% at December 31, 2019 and 2018, respectively.

Increase (decrease) in fair value of marketable securities increased from an unrealized loss of \$(51.7) million for the year ended December 31, 2018 to a gain of \$14.9 million for the year ended December 31, 2019. As of December 31, 2019, the Company had total net unrealized losses of \$(25.2) million in its REIT securities portfolio.

Other income remained relatively stable for the year ended December 31, 2019 as compared to the year ended December 31, 2018.

Interest expense, including amortization of financing costs, increased from \$16.0 million for the year ended December 31, 2018 to \$17.8 million for the year ended December 31, 2019. During the year, we obtained three new mortgage loans, and assumed two loans in conjunction with acquisitions, totaling \$64.3 million. The average balance of mortgages payable was approximately \$352.4 million during 2019 as compared to approximately \$318 million during 2018. The weighted average interest rate on its mortgages, not including the effect of unamortized debt issuance costs, was 4.1% at December 31, 2019 as compared to 4.3% at December 31, 2018.

Non-GAAP Measures

In addition to the results reported in accordance with GAAP, management's discussion and analysis of financial condition and results of operations include certain non-GAAP financial measures that in management's view of the business we believe are meaningful as they allow the investor the ability to understand key operating details of our business both with and without regard to certain accounting conventions or items that may not always be indicative of recurring annual cash flow of the portfolio. These non-GAAP financial measures as determined and presented by us may not be comparable to related or similarly titled measures reported by other companies, and include Community Net Operating Income ("Community NOI"), Funds from Operations Attributable to Common Shareholders ("FFO") and Normalized Funds from Operations Attributable to Common Shareholders ("Normalized FFO").

We define Community NOI as rental and related income less community operating expenses such as real estate taxes, repairs and maintenance, community salaries, utilities, insurance and other expenses. We believe that Community NOI is helpful to investors and analysts as a direct measure of the actual operating results of our manufactured home communities, rather than our Company overall. Community NOI should not be considered a substitute for the reported results prepared in accordance with GAAP. Community NOI should not be considered as an alternative to net income (loss) as an indicator of our financial performance, or to cash flows as a measure of liquidity; nor is it indicative of funds available for our cash needs, including our ability to make cash distributions.

The Company's Community NOI is calculated as follows (*in thousands*):

| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> |
|------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Rental and Related Income | \$143,344 | \$128,611 | \$113,833 | \$101,801 | \$90,680 |
| Community Operating Expenses | <u>(63,175)</u> | <u>(61,708)</u> | <u>(52,949)</u> | <u>(47,847)</u> | <u>(42,638)</u> |
| Community NOI | <u>\$80,169</u> | <u>\$66,903</u> | <u>\$60,884</u> | <u>\$53,954</u> | <u>\$48,042</u> |

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 NAREIT, represents net income (loss) attributable to common shareholders, as defined by accounting principles generally accepted in the U.S. 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, and the change in the fair value 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 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 gains and losses realized on marketable securities investments 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 GAAP; (ii) should not be considered as an alternative 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 Company’s FFO and Normalized FFO attributable to common shareholders are calculated as follows (in thousands except footnotes):

| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|
| Net Income (Loss) Attributable to Common Shareholders | \$(29,759) | \$2,566 | \$(56,532) | \$(7,679) | \$(2,569) |
| Depreciation Expense | 41,707 | 36,811 | 31,691 | 27,558 | 23,214 |
| Loss on Sales of Investment Property and Equipment | 216 | 111 | 131 | 81 | 2 |
| Acquisition Costs | -0- | -0- | -0- | -0- | 79 |
| Early Extinguishment of Debt ⁽¹⁾ | -0- | -0- | -0- | -0- | 5 |
| (Increase) Decrease in Fair Value of Marketable Securities ⁽³⁾ | 14,119 | (14,915) | 51,675 | -0- | -0- |
| FFO Attributable to Common Shareholders | <u>26,283</u> | <u>24,573</u> | <u>26,965</u> | <u>19,960</u> | <u>20,731</u> |
| Adjustments: | | | | | |
| Redemption of Preferred Stock | 2,871 | -0- | -0- | 3,502 | -0- |
| Gain on Sales of Marketable Securities, net | -0- | -0- | (20) | (1,748) | (2,285) |
| Non-Recurring Other Expense ⁽²⁾ | -0- | 634 | 525 | -0- | -0- |
| Normalized FFO Attributable to Common Shareholders | <u>\$29,154</u> | <u>\$25,207</u> | <u>\$27,470</u> | <u>\$21,714</u> | <u>\$18,446</u> |

(1) Included in Interest Expense on the Consolidated Statements of Income (Loss).

(2) Consists of utility billing dispute over a prior 10-year period (\$375,000), emergency windstorm tree removal expenses in three communities (\$179,000) and costs associated with acquisitions not completed (\$80,000) in 2019 and one-time payroll expenditures (\$525,000) in 2018.

(3) Represents change in unrealized gain (loss) in marketable securities which is included in the Consolidated Statements of Income (Loss) in accordance with ASU 2016-01, adopted January 1, 2018.

Liquidity and Capital Resources

The Company operates as a REIT deriving its income primarily from real estate rental operations. The Company's principal liquidity demands have historically been, and are expected to continue to be, distributions to the Company's shareholders, acquisitions, capital improvements, development and expansions of properties, debt service, purchases of manufactured home inventory and rental homes, financing of manufactured home sales and payments of expenses relating to real estate operations. The Company's ability to generate cash adequate to meet these demands is dependent primarily on income from its real estate investments and marketable securities portfolio, the sale of real estate investments and marketable securities, refinancing of mortgage debt, leveraging of real estate investments, availability of bank borrowings or lines of credit, proceeds from the DRIP and access to the capital markets. In addition to cash generated through operations, the Company uses a variety of sources to fund its cash needs, including acquisitions. Specifically, the Company may sell marketable securities from its investment portfolio, borrow on its unsecured credit facility or lines of credit, finance and refinance its properties, and/or raise capital through the DRIP and capital markets. In order to provide financial flexibility to opportunistically access the capital markets, during 2020 the Company implemented both the Common ATM Program and the New Preferred ATM Program. The Common ATM Program allows the Company to offer and sell shares of the Company's Common Stock having an aggregate sales price of up to \$100 million from time to time to or through the Company's distribution agents. The New Preferred ATM Program allows the Company to offer and sell shares of the Company's Series C Preferred Stock and/or Series D Preferred Stock having an aggregate sales price of up to \$100 million from time to time to or through the Company's distribution agent.

The Company intends to continue to increase its real estate investments. Our business plan includes acquiring communities that yield in excess of our cost of funds and then investing in physical improvements, including adding rental homes onto otherwise vacant sites. There is no guarantee that any of these additional opportunities will materialize or that the Company will be able to take advantage of such opportunities. The growth of our real estate portfolio depends on the availability of suitable properties which meet the Company's investment criteria and appropriate financing. Competition in the market areas in which the Company operates is significant. To the extent that funds or appropriate communities are not available, fewer acquisitions will be made.

The Company continues to strengthen its capital and liquidity positions and maintains financial flexibility. Through the 2019 Preferred ATM Program and the New Preferred ATM Program, during 2020 the Company issued and sold a total of 134,000 shares of our Series C Preferred Stock and 3.8 million shares of our Series D Preferred Stock, generating gross proceeds of \$97.8 million and net proceeds after offering expenses of \$96.1 million during the year ended December 31, 2020. Subsequent to year end, the Company issued and sold an additional 768,000 shares of its Series D Preferred Stock at a weighted average price of \$24.80 per share under the New Preferred ATM Program, generating gross proceeds of \$19.1 million and net proceeds of \$18.8 million, after offering expenses.

During the year ended December 31, 2020, the Company issued and sold 135,000 shares of Common Stock through the Common ATM Program at a weighted average price of \$14.60 per share, generating gross proceeds of \$2.0 million and net proceeds of \$1.7 million, after offering expenses.

On October 20, 2020, the Company voluntarily redeemed all 3.8 million issued and outstanding shares of its Series B Preferred Stock at a redemption price equal to the \$25.00 per share liquidation preference plus accrued and unpaid dividends to, but not including, the October 20, 2020 redemption date in an amount of \$0.2722 per share, for a total payment of \$25.2722 per share, or \$96.1 million. The redemption was funded in part with proceeds from our \$106 million Fannie Mae financing completed in August 2020.

In addition, the Company has a DRIP in which participants can purchase stock from the Company at a price of approximately 95% of market. During 2020, amounts received, including dividends reinvested of \$3.2 million, totaled \$9.2 million. Subsequent to year end, the Company announced that it was decreasing the maximum amount of optional cash payments that may be made by participants in the DRIP in any single month from \$5,000 to \$1,000, unless a request for waiver of such allowable monthly maximum amount has been granted by the Company.

During August 2020, the Company completed a financing of 28 of its previously unencumbered communities, containing approximately 4,100 sites, through Wells Fargo Bank, N. A. for total proceeds of approximately \$106 million. This secured Fannie Mae credit facility has a 10-year maturity with a 30-year amortization schedule, with interest at a fixed rate of 2.62%.

On November 29, 2018, the Company entered into a First Amendment to Amended and Restated Credit Agreement to expand and extend its existing unsecured revolving credit facility. The Facility is syndicated with two banks led by BMO Capital Markets Corp., as sole lead arranger and sole book runner, with Bank of Montreal as administrative agent, and includes JPMorgan Chase Bank, N.A. as the sole syndication agent. The Amendment provides for an increase from \$50 million in available borrowings to \$75 million in available borrowings with a \$50 million accordion feature, bringing the total potential availability up to \$125 million, subject to certain conditions including obtaining commitments from additional lenders. The Amendment also extends the maturity date of the Facility from March 27, 2020 to November 29, 2022, with a one-year extension available at the Company's option, subject to certain conditions including payment of an extension fee. Availability under the Facility is limited to 60% of the value of the unencumbered communities which the Company has placed in the Facility's unencumbered asset pool. The Amendment increased the value of the Borrowing Base communities by reducing the capitalization rate applied to the Net Operating Income generated by the communities in the Borrowing Base from 7.5% to 7.0%. Subsequent to year end, the capitalization rate was further reduced from 7.0% to 6.5%. As of December 31, 2020, \$30 million was available on this credit facility.

The Company also has the ability to finance home sales, inventory purchases and rental home purchases. The Company has a \$20 million revolving line of credit for the financing of homes, of which \$6 million was utilized at December 31, 2020, and revolving credit facilities totaling \$28.5 million to finance inventory purchases, of which \$13.1 million was utilized at December 31, 2020. During 2020, the Company also entered into a new \$20 million revolving line of credit (expandable to \$30 million) secured by rental homes and rental home leases in several of our manufactured home communities, of which \$5 million was utilized at December 31, 2020.

As of December 31, 2020, the Company had \$15.3 million of cash and cash equivalents and marketable securities of \$103.2 million encumbered by \$17.6 million in margin loans. The Company owned 124 communities of which 20 are unencumbered. The Company's marketable securities and non-mortgaged properties provide us with additional liquidity. The Company believes that cash on hand, funds generated from operations, the DRIP and capital market, the funds available on the lines of credit, together with the ability to finance and refinance its properties will provide sufficient funds to adequately meet its obligations over the next several years.

The Company's focus is on real estate investments. The Company has historically financed purchases of real estate primarily through mortgages. During 2020, total investment property, including rental homes, increased 9% or \$93.2 million. The Company made acquisitions of two manufactured home communities totaling approximately 310 developed sites at an aggregate purchase price of \$7.8 million. These acquisitions were funded by assuming the existing mortgages and the use of our unsecured credit facility. See Note 3 of the Notes to Consolidated Financial Statements for additional information on our acquisitions and Note 5 of the Notes to Consolidated Financial Statements for related debt transactions. The Company continues to evaluate acquisition opportunities. The funds for these acquisitions may come from bank borrowings, proceeds from the DRIP, and private placements or public offerings of common or preferred stock, including under the Common ATM Program or New Preferred ATM Program. To the extent that funds or appropriate properties are not available, fewer acquisitions will be made.

The Company owned approximately 8,300 rental homes, or approximately 35% of our total homesites as of December 31, 2020. During 2020, our rental home portfolio increased by 858 homes or \$52.5 million. The Company markets these rental homes for sale to existing residents. The Company estimates that in 2021 it will purchase approximately 900 manufactured homes to use as rental units for a total cost, including setup, of approximately \$45 million. Rental home rates on new homes range from approximately \$650-\$1,500 per month, including lot rent, depending on size, location and market conditions. During 2020, the Company also invested approximately \$24 million in other improvements to our communities.

Additionally, the Company has investments in marketable debt and equity securities of other REITs. The REIT securities portfolio provides the Company with additional liquidity and income and serves as a proxy for real estate when more favorable risk adjusted returns are not available. The Company generally limits its marketable

securities investments to no more than approximately 15% of its undepreciated assets. During 2020, the securities portfolio decreased 11% or \$13.0 million primarily due to a net unrealized loss of \$14.1 million partially offset by purchases of \$1.1 million. The Company had dividend income earned of \$5.7 million. The Company from time to time may purchase these securities on margin when there is an adequate yield spread. At December 31, 2020, \$17.6 million was outstanding on the margin loan at a 0.75% interest rate.

The following table summarizes cash flow activity for the years ended December 31, 2020, 2019 and 2018 (in thousands):

| | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|--|-----------------|-----------------|--------------------|
| Net Cash Provided by Operating Activities | \$ 69,037 | \$ 38,516 | \$ 40,175 |
| Net Cash Used in Investing Activities | (103,770) | (122,350) | (137,603) |
| Net Cash Provided by Financing Activities | <u>44,330</u> | <u>90,053</u> | <u>82,314</u> |
| Net Increase (Decrease) in Cash, Cash Equivalents and Restricted Cash | <u>\$ 9,597</u> | <u>\$ 6,219</u> | <u>\$ (15,114)</u> |

Net cash provided by operating activities increased by \$30.5 million in 2020 to \$69.0 million. This increase was primarily due to an increase in Community NOI and a decrease in inventory in 2020 compared to an increase in 2019. Net cash provided by operating activities remained relatively stable from 2018 to 2019.

Net cash used in investing activities decreased by \$18.6 million in 2020 and \$15.3 million in 2019, primarily due to a decrease in acquisitions of manufactured home communities and, in 2019, a decrease in purchases of REIT securities.

Net cash provided by financing activities decreased by \$45.7 million in 2020 to \$44.3 million. The Company obtained new mortgages of \$106 million. The Company also received \$9.2 million, including dividends reinvested, through the DRIP. In addition, in 2020 the Company issued and sold 134,000 shares of its Series C Preferred Stock and 3.8 million shares of its Series D Preferred Stock through the 2019 Preferred ATM Program and the New Preferred ATM Program, raising net proceeds during 2020 of approximately \$96.1 million. The Company also issued and sold 135,000 shares of its Common Stock through the Common ATM Program, raising net proceeds of approximately \$1.7 million. In October 2020, the Company voluntarily redeemed all of its Series B Preferred Stock for approximately \$96.1 million. During 2020, the Company also distributed to our common shareholders a total of \$29.8 million, including dividends reinvested. In addition, the Company also paid \$31.9 million in preferred dividends.

Net cash provided by financing activities increased by \$7.7 million in 2019 to \$90.1 million. The Company received \$31.5 million, including dividends reinvested, through the DRIP, and issued and sold 4 million shares of its Series C Preferred Stock in an underwritten registered public offering, raising net proceeds of approximately \$96.7 million. In addition, in 2019 the Company issued and sold 651,000 shares of its Series D Preferred Stock through the 2019 Preferred ATM Program, raising net proceeds of approximately \$15.9 million. During 2019, the Company also distributed to our common shareholders a total of \$28.8 million, including dividends reinvested. In addition, the Company also paid \$25.7 million in preferred dividends.

Cash flows were primarily used for purchases of manufactured home communities, capital improvements, payment of dividends, purchases of marketable securities, purchase of inventory and rental homes, loans to customers for the sales of manufactured homes, and expansion of existing communities. The Company meets maturing mortgage obligations by using a combination of cash flows and refinancing. The dividend payments were primarily made from cash flows from operations.

Cash flows used for capital improvements include amounts needed to meet environmental and regulatory requirements in connection with the manufactured home communities that provide water or sewer service. Excluding expansions and rental home purchases, the Company is budgeting approximately \$12 million in capital improvements for 2021.

The Company's significant commitments and contractual obligations relate to its mortgages and loans payable, acquisitions of manufactured home communities, retirement benefits, and the lease on its corporate offices as described in Note 8 to the Consolidated Financial Statements.

The extent to which COVID-19 and related actions impact our operations, financial condition and cash flows will depend on future developments (including the ongoing roll-out of vaccines and their efficacy), which cannot be predicted with any degree of confidence, including the scope, severity, duration and geographies of the outbreak, the actions taken to contain the COVID-19 pandemic or mitigate its impact requested or mandated by governmental authorities or otherwise voluntarily taken by individuals or businesses, the success of governmental actions undertaken to support the economy during the pandemic and the duration and severity of direct and indirect economic effects of the pandemic and containment measures, among others. As previously discussed, at this time, we believe that the consequences of the COVID-19 pandemic will not have a material adverse effect on our financial condition.

The Company has 1,800 acres of undeveloped land which it could develop over the next several years. The Company continues to analyze the best use of its vacant land.

As of December 31, 2020, the Company had total assets of \$1.1 billion and total liabilities of \$585.4 million. Our net debt (net of cash and cash equivalents) to total market capitalization as of December 31, 2020 and 2019 was approximately 34% and 29%, respectively. Our net debt, less securities (net of cash and cash equivalents and marketable securities) to total market capitalization as of December 31, 2020 and 2019 was approximately 28% and 22%, respectively.

The Company believes that it has the ability to meet its obligations and to generate funds for new investments.

Off-Balance Sheet Arrangements and Contractual Obligations

The Company has not executed any material off-balance sheet arrangements.

The following is a summary of the Company's contractual obligations as of December 31, 2020 (*in thousands*):

| Contractual Obligations | Total | Less than 1 year | 1-3 years | 3-5 years | More than 5 years |
|-------------------------------|------------------|---------------------|------------------|------------------|----------------------|
| Mortgages Payable | \$476,390 | \$25,668 | \$88,839 | \$149,088 | \$212,795 |
| Interest on Mortgages Payable | 92,503 | 18,108 | 31,405 | 23,263 | 19,727 |
| Loans Payable | 87,353 | 31,121 | 56,232 | - | - |
| Interest on Loans Payable | 2,967 | 1,844 | 1,123 | - | - |
| Operating Lease Obligations | 1,768 | 277 | 558 | 560 | 373 |
| Purchase of Properties | 8,000 | 8,000 | - | - | - |
| Retirement Benefits | 400 | - | - | - | 400 |
| Total | <u>\$669,381</u> | <u>\$85,018</u> | <u>\$178,157</u> | <u>\$172,911</u> | <u>\$233,295</u> |

Mortgages payable represents the principal amounts outstanding based on scheduled payments. The interest on these mortgages are at fixed rates ranging from 2.62% to 6.5%. The weighted average interest rate, not including the effect of unamortized debt issuance costs, was approximately 3.8% at December 31, 2020. As of December 31, 2020, the weighted average loan maturity of the mortgage payable is 6.0 years.

Loans payable represents \$45 million outstanding on the Company's unsecured line of credit with an interest rate ranging from LIBOR plus 1.50% to 2.20% or Prime plus 0.50% to 1.20%, based on the Company's overall leverage (interest rate of 1.65% as of December 31, 2020); \$17.6 million outstanding on its margin line with an interest rate of 0.75% at December 31, 2020; \$13.1 million outstanding on the Company's revolving credit agreements to finance inventory with interest rates ranging from 4.15% to prime with a minimum of 6% (weighted average interest rate of 4.44% as of December 31, 2020); \$5.0 million outstanding on its revolving line of credit secured by rental

homes and rental home leases with an interest rate of prime plus 25 basis points with a floor of 3.5% (interest rate of 3.50% at December 31, 2020); \$6.0 million outstanding on the Company's revolving line of credit secured by eligible notes receivables with an interest rate of prime with a floor of 3.25% (interest rate of 3.25% as of December 31, 2020); and \$658,000 outstanding on its automotive loans with a weighted average interest rate of 4.22%.

Operating lease obligations represent a lease with a related party for the Company's corporate offices. On October 1, 2019, the Company entered into a new lease for its executive offices which combines the existing corporate office space with additional adjacent office space. This new lease extends our existing lease through April 30, 2027 and requires monthly lease payments of \$23,098 through April 30, 2022 and \$23,302 from May 1, 2022 through April 30, 2027. The Company is also responsible for its proportionate share of real estate taxes and common area maintenance. Mr. Eugene W. Landy, the Founder and Chairman of the Board of Directors of the Company, owns a 24% interest in the entity that is the landlord of the property where the Company's corporate office space is located. Management believes that the aforesaid rent is no more than what the Company would pay for comparable space elsewhere.

Purchase of properties represents the total purchase price of two communities under contract as of December 31, 2020, one in Alabama and one in South Carolina, totaling 337 developed home sites. The Company completed the acquisitions of these properties in January 2021.

Retirement benefits of \$400,000 represent the total future amount to be paid, on an undiscounted basis, relating to the Company's Founder and Chairman. These benefits are based upon his specific employment agreement. The agreement does not require the Company to separately fund the obligation and therefore it will be paid from the general assets of the Company. The Company has accrued these benefits on a present value basis over the term of the agreement (See Note 8 of the Notes to Consolidated Financial Statements).

Critical Accounting Policies and Estimates

The discussion and analysis of the Company's financial condition and results of operations are based upon the Company's consolidated financial statements, which have been prepared in accordance with GAAP. The preparation of these consolidated financial statements requires management to make estimates and judgments that affect the reported amounts of assets and liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities at the date of the Company's consolidated financial statements. Actual results may differ from these estimates under different assumptions or conditions.

Significant accounting policies are defined as those that involve significant judgment and potentially could result in materially different results under different assumptions and conditions. Management believes the following critical accounting policy is affected by our more significant judgments and estimates used in the preparation of the Company's consolidated financial statements. For a detailed description of this and other accounting policies, see Note 2 of the Notes to Consolidated Financial Statements included in this Form 10-K.

Impairment in Real Estate Investments

The Company applies Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 360-10, Property, Plant & Equipment ("ASC 360-10") to measure impairment in real estate investments. Rental properties are individually evaluated for impairment when conditions exist which may indicate that it is probable that the sum of expected future cash flows (on an undiscounted basis without interest) from a rental property is less than the carrying value under its historical net cost basis. These expected future cash flows consider factors such as future operating income, trends and prospects as well as the effects of leasing demand, competition and other factors. Upon determination that an other than temporary impairment has occurred, rental properties are reduced to their fair value. For properties to be disposed of, an impairment loss is recognized when the fair value of the property, less the estimated cost to sell, is less than the carrying amount of the property measured at the time there is a commitment to sell the property and/or it is actively being marketed for sale. A property to be disposed of is reported at the lower of its carrying amount or its estimated fair value, less its cost to sell. Subsequent to the date that a property is held for disposition, depreciation expense is not recorded.

The Company conducted a comprehensive review of all real estate asset classes in accordance with ASC 360-10-35-21, which indicates that asset values should be analyzed whenever events or changes in circumstances indicate that the carrying value of a property may not be fully recoverable. The process entailed the analysis of property for instances where the net book value exceeds the estimated fair value. In accordance with ASC 360-10-35-17, an impairment loss shall be recognized if the carrying amount of a long-lived asset is not recoverable and exceeds its fair value. The Company utilizes the experience and knowledge of its internal valuation team to derive certain assumptions used to determine an operating property's cash flow. Such assumptions include lease-up rates, rental rates, rental growth rates, and capital expenditures. The Company reviewed its operating properties in light of the requirements of ASC 360-10 and determined that, as of December 31, 2020, the undiscounted cash flows over the holding period for these properties were in excess of their carrying values and, therefore, no impairment charges were required.

Recent Accounting Pronouncements

See Note 2 of the Notes to Consolidated Financial Statements.

Item 7A – Quantitative and Qualitative Disclosures about Market Risk

Market risk is the risk of loss from adverse changes in market prices and interest rates. The Company's principal market risk exposure is interest rate risk. The Company's future income, cash flows and fair values relevant to financial instruments are dependent upon prevalent market interest rates. Many factors, including governmental monetary and tax policies, domestic and international economic and political considerations and other factors that are beyond the Company's control contribute to interest rate risk. The Company mitigates this risk by maintaining prudent amounts of leverage, minimizing capital costs and interest expense while continuously evaluating all available debt and equity resources and following established risk management policies and procedures, which may include the periodic use of derivatives. The Company's primary strategy in entering into derivative contracts is to minimize the variability that changes in interest rates could have on its future cash flows. The Company generally employs derivative instruments that effectively convert a portion of its variable rate debt to fixed rate debt. The Company does not enter into derivative instruments for speculative purposes.

The following table sets forth information as of December 31, 2020, concerning the Company's mortgages and loans payable, including principal cash flow by scheduled maturity, weighted average interest rates and estimated fair value (*in thousands*).

| | <u>Mortgages Payable</u> | | <u>Loans Payable</u> | |
|----------------------|--------------------------|---------------------------------------|-----------------------|---------------------------------------|
| | <u>Carrying Value</u> | <u>Weighted Average Interest Rate</u> | <u>Carrying Value</u> | <u>Weighted Average Interest Rate</u> |
| 2021 | \$2,077 | 6.50% | \$31,121 | 2.35% |
| 2022 | 19,386 | 4.42% | 56,228 | 2.00% |
| 2023 | 65,240 | 3.88% | 4 | 4.22% |
| 2024 | -0- | -0-% | -0- | -0-% |
| 2025 | 131,760 | 4.04% | -0- | -0-% |
| Thereafter | 257,927 | 2.48% | -0- | -0-% |
| Total | <u>\$476,390</u> | 3.81% ⁽¹⁾ | <u>\$87,353</u> | 2.12% ⁽¹⁾ |
| Estimated Fair Value | <u>\$487,720</u> | | <u>\$87,353</u> | |

⁽¹⁾ Weighted average interest rate, not including the effect of unamortized debt issuance costs. The weighted average interest rate, including the effect of unamortized debt issuance costs, at December 31, 2020 was 3.87% for mortgages payable and 2.13% for loans payable.

All mortgage loans are at fixed rates. The Company has approximately \$86.7 million in variable rate loans payable. If short-term interest rates increased or decreased by 1%, interest expense would have increased or decreased by approximately \$867,000.

The Company invests in equity securities of other REITs and is primarily exposed to market price risk from adverse changes in market rates and conditions. The Company generally limits its marketable securities investments to no more than approximately 15% of its undepreciated assets. All securities are carried at fair value.

Item 8 – Financial Statements and Supplementary Data

The financial statements and supplementary data listed in Part IV, Item 15(a)(1) are incorporated herein by reference and filed as part of this report.

The following is the Unaudited Selected Quarterly Financial Data (*in thousands except per share amounts*):

SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED) THREE MONTHS ENDED

| 2020 | March 31 | June 30 | September 30 | December 31 |
|---|-----------------|----------------|---------------------|--------------------|
| Total Income | \$37,573 | \$40,084 | \$43,123 | \$42,829 |
| Total Expenses | 31,819 | 33,348 | 35,747 | 34,382 |
| Other Income (Expense) | (40,395) | 11,628 | (9,112) | 14,837 |
| Net Income (Loss) from continuing operations | (34,748) | 18,325 | (1,767) | 23,245 |
| Net Income (Loss) Attributable to Common Shareholders | (42,838) | 10,235 | (12,747) | 15,591 |
| Net Income (Loss) Attributable to Common Shareholders per Share – Basic and Diluted | (1.04) | 0.25 | (0.31) | 0.38 |
| 2019 | March 31 | June 30 | September 30 | December 31 |
| Total Income | \$34,287 | \$37,230 | \$37,329 | \$37,745 |
| Total Expenses | 29,750 | 32,588 | 32,387 | 31,857 |
| Other Income (Expense) | 6,521 | (3,906) | 7,519 | (2,282) |
| Net Income (Loss) from continuing operations | 11,037 | 749 | 12,433 | 3,531 |
| Net Income (Loss) Attributable to Common Shareholders | 5,914 | (5,537) | 5,622 | (3,433) |
| Net Income (Loss) Attributable to Common Shareholders per Share – Basic | 0.16 | (0.15) | 0.14 | (0.08) |
| Diluted | 0.15 | (0.15) | 0.14 | (0.08) |

Item 9 – Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

There were no changes in, or any disagreements with, the Company's independent registered public accounting firm on accounting principles and practices or financial disclosure during the years ended December 31, 2020 and 2019.

Item 9A – Controls and Procedures

Disclosure Controls and Procedures

Management, with the participation of the Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Securities Exchange Act of 1934 Rule 13a-15(e) and 15d-15(e)) as of the end of the period covered by this report. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective to give

reasonable assurances to the timely collection, evaluation and disclosure of information that would potentially be subject to disclosure under the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder as of December 31, 2020.

Internal Control over Financial Reporting

(a) Management’s Annual Report on Internal Control over Financial Reporting

Management of the Company is responsible for establishing and maintaining effective internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act). The Company’s internal control system was designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with GAAP. Because of its inherent limitations, including the possibility of collusion or improper management override of controls, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the Company’s internal control over financial reporting as of December 31, 2020. This assessment was based on criteria for effective internal control over financial reporting established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”) (2013 framework). Based on this assessment, management has concluded that the Company’s internal control over financial reporting was effective as of December 31, 2020.

PKF O’Connor Davies, LLP, the Company’s independent registered public accounting firm, has issued their report on their audit of the Company’s internal control over financial reporting, a copy of which is included herein.

(b) Attestation Report of the Independent Registered Public Accounting Firm

Report of Independent Registered Public Accounting Firm

**To the Board of Directors and Shareholders of
UMH Properties, Inc.**

Opinion on Internal Control over Financial Reporting

We have audited UMH Properties, Inc.'s (the "Company") internal control over financial reporting as of December 31, 2020, based on criteria established in Internal Control–Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2020, based on criteria established in Internal Control–Integrated Framework (2013) issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the consolidated balance sheets of the Company as of December 31, 2020 and 2019, and the related consolidated statements of income (loss), comprehensive income (loss), shareholders' equity and cash flows for each of the three years in the period ended December 31, 2020, and our report dated March 10, 2021, expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PKF O'Connor Davies, LLP

March 10, 2021
New York, New York

(c) Changes in Internal Control over Financial Reporting

There have been no changes to our internal control over financial reporting during the quarter ended December 31, 2020 that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

Item 9B – Other Information

None.

PART III

Item 10 – Directors, Executive Officers and Corporate Governance

The information required by this item is incorporated herein by reference to the definitive proxy statement for the Company's 2021 annual meeting of stockholders to be filed with the SEC pursuant to Regulation 14A and the information included under the caption " Information about our Executive Officers" in Part I hereof, in accordance with General Instruction G(3) to Form 10-K.

Item 11 – Executive Compensation

The information required by this item is incorporated herein by reference to the definitive proxy statement for the Company's 2021 annual meeting of stockholders to be filed with the SEC pursuant to Regulation 14A, in accordance with General Instruction G(3) to Form 10-K.

Item 12 – Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by this item is incorporated herein by reference to the definitive proxy statement for the Company's 2021 annual meeting of stockholders to be filed with the SEC pursuant to Regulation 14A, in accordance with General Instruction G(3) to Form 10-K.

Item 13 – Certain Relationships and Related Transactions, and Director Independence

The information required by this item is incorporated herein by reference to the definitive proxy statement for the Company's 2021 annual meeting of stockholders to be filed with the SEC pursuant to Regulation 14A, in accordance with General Instruction G(3) to Form 10-K.

Item 14 – Principal Accounting Fees and Services

The information required by this item is incorporated herein by reference to the definitive proxy statement for the Company's 2021 annual meeting of stockholders to be filed with the SEC pursuant to Regulation 14A, in accordance with General Instruction G(3) to Form 10-K.

PART IV

Item 15 – Exhibits, Financial Statement Schedules

| | <u>Page(s)</u> |
|---|----------------|
| (a) (1) The following Financial Statements are filed as part of this report. | |
| (i) Report of Independent Registered Public Accounting Firm | 61-62 |
| (ii) Consolidated Balance Sheets as of December 31, 2020 and 2019 | 63-64 |
| (iii) Consolidated Statements of Income (Loss) for the years ended December 31, 2020, 2019 and 2018 | 65-66 |
| (iv) Consolidated Statements of Shareholders' Equity for the years ended December 31, 2020, 2019 and 2018 | 67-68 |
| (v) Consolidated Statements of Cash Flows for the years ended December 31, 2020, 2019 and 2018 | 69 |
| (vi) Notes to Consolidated Financial Statements | 70-100 |
| (a) (2) The following Financial Statement Schedule is filed as part of this report: | |
| (i) Schedule III – Real Estate and Accumulated Depreciation as of December 31, 2020 | 101-110 |

All other schedules are omitted for the reason that they are not required, are not applicable, or the required information is set forth in the consolidated financial statements or notes thereto.

(a) (3) The Exhibits set forth in the following index of Exhibits are filed as part of this Report.

| Exhibit No. | Description |
|----------------|--|
| (2) | <u>Plan of Acquisition, Reorganization, Arrangement, Liquidation or Succession</u> |
| 2.1 | Agreement and Plan of Merger dated as of June 23, 2003 (incorporated by reference from the Company's Definitive Proxy Statement as filed with the Securities and Exchange Commission on July 10, 2003, Registration No. 001-12690). |
| (3) | <u>Articles of Incorporation and By-Laws</u> |
| 3.1 | Articles of Incorporation of UMH Properties, Inc., a Maryland corporation (incorporated by reference from the Company's Definitive Proxy Statement as filed with the Securities and Exchange Commission on July 10, 2003, Registration No. 001-12690). |
| 3.2 | Amendment to Articles of Incorporation (incorporated by reference to the 8-K as filed by the Registrant with the Securities and Exchange Commission on April 3, 2006, Registration No. 001-12690). |
| 3.3 | Amendment to Articles of Incorporation (incorporated by reference to the Form 8-K as filed by the Registrant with the Securities and Exchange Commission on May 26, 2011, Registration No. 001-12690). |
| 3.4 | Articles Supplementary (incorporated by reference to the Form 8-K as filed by the Registrant with the Securities and Exchange Commission on May 26, 2011, Registration No. 001-12690). |
| 3.5 | Amendment to Articles of Incorporation (incorporated by reference to the Form 8-K as filed by the Registrant with the Securities and Exchange Commission on April 10, 2012, Registration No. 001-12690). |
| 3.6 | Articles Supplementary (incorporated by reference to the Form 8-K as filed by the Registrant with the Securities and Exchange Commission on April 10, 2012, Registration No. 001-12690). |
| 3.7 | Amendment to Articles of Incorporation (incorporated by reference to the Form 8-K as filed by the Registrant with the Securities and Exchange Commission on October 31, 2012, Registration No. 001-12690). |
| 3.8 | Articles Supplementary (incorporated by reference to the Form 8-K as filed by the Registrant with the Securities and Exchange Commission on October 31, 2012, Registration No. 001-12690). |
| 3.9 | Amendment to Articles of Incorporation (incorporated by reference to the Form 8-K as filed by the Registrant with the Securities and Exchange Commission on October 20, 2015, Registration No. 001-12690). |
| 3.10 | Articles Supplementary (incorporated by reference to the Form 8-K as filed by the Registrant with the Securities and Exchange Commission on October 20, 2015, Registration No. 001-12690). |
| 3.11 | Amendment to Articles of Incorporation (incorporated by reference to the Form 8-K as filed by the Registrant with the Securities and Exchange Commission on April 5, 2016, Registration No. 001-12690). |

| Exhibit No. | Description |
|----------------|--|
| 3.12 | Articles Supplementary (incorporated by reference to the Form 8-K as filed by the Registrant with the Securities and Exchange Commission on April 5, 2016, Registration No. 001-12690). |
| 3.13 | Amendment to Articles of Incorporation (incorporated by reference to the Form 8-K as filed by the Registrant with the Securities and Exchange Commission on August 11, 2016, Registration No. 001-12690). |
| 3.14 | Amendment to Articles of Incorporation (incorporated by reference to the Form 8-K as filed by the Registrant with the Securities and Exchange Commission on June 5, 2017, Registration No. 001-12690). |
| 3.15 | Amendment to Articles of Incorporation (incorporated by reference to the Form 8-K as filed by the Registrant with the Securities and Exchange Commission on July 26, 2017, Registration No. 001-12690). |
| 3.16 | Articles Supplementary (incorporated by reference to the Form 8-K as filed by the Registrant with the Securities and Exchange Commission on July 26, 2017, Registration No. 001-12690). |
| 3.17 | Articles Supplementary (incorporated by reference to the Form 8-K as filed by the Registrant with the Securities and Exchange Commission on January 22, 2018, Registration No. 001-12690). |
| 3.18 | Amendment to Articles of Incorporation (incorporated by reference to the Form 8-K as filed by the Registrant with the Securities and Exchange Commission on April 29, 2019, Registration No. 001-12690). |
| 3.19 | Articles Supplementary (incorporated by reference to the Form 8-K as filed by the Registrant with the Securities and Exchange Commission on April 29, 2019, Registration No. 001-12690). |
| 3.20 | Amendment to Articles of Incorporation (incorporated by reference to the Form 8-K as filed by the Registrant with the Securities and Exchange Commission on October 22, 2019, Registration No. 001-12690). |
| 3.21 | Articles Supplementary (incorporated by reference to the Form 8-K as filed by the Registrant with the Securities and Exchange Commission on October 22, 2019, Registration No. 001-12690). |
| 3.22 | Amendment to Articles of Incorporation (incorporated by reference to the Form 8-K as filed by the Registrant with the Securities and Exchange Commission on May 18, 2020, Registration No. 001-12690). |
| 3.23 | Articles Supplementary (incorporated by reference to the Form 8-K as filed by the Registrant with the Securities and Exchange Commission on July 16, 2020, Registration No. 001-12690). |
| 3.24 | Bylaws of the Company, as amended and restated, dated March 31, 2014 (incorporated by reference to the Form 8-K as filed by the Registrant with the Securities and Exchange Commission on March 31, 2014, Registration No. 001-12690). |
| (4) | <u>Instruments Defining the Rights of Security Holders, Including Indentures</u> |

| Exhibit No. | Description |
|----------------|---|
| 4.1 | Specimen certificate of common stock of UMH Properties, Inc. (incorporated by reference to Exhibit 4.1 to the Form S-3 as filed by the Registrant with the Securities and Exchange Commission on December 21, 2010, Registration No. 333-171338). |
| 4.2 | Specimen certificate representing the Series C Preferred Stock of UMH Properties, Inc. (incorporated by reference to Exhibit 4.2 to the Form 8-A12B as filed by the Registrant with the Securities and Exchange Commission on July 26, 2018, Registration No. 001-12690). |
| 4.3 | Specimen certificate representing the Series D Preferred Stock of UMH Properties, Inc. (incorporated by reference to Exhibit 4.2 to the Form 8-A12B as filed by the Registrant with the Securities and Exchange Commission on January 22, 2018, Registration No. 001-12690). |
| (10) | <u>Material Contracts</u> |
| 10.1 | + Employment Agreement with Mr. Eugene W. Landy dated December 14, 1993 (incorporated by reference to the Company's 1993 Form 10-K as filed with the Securities and Exchange Commission on March 28, 1994). |
| 10.2 | + Amendment to Employment Agreement with Mr. Eugene W. Landy effective January 1, 2004 (incorporated by reference to the Company's 2004 Form 10-K/A as filed with the Securities and Exchange Commission on March 30, 2005, Registration No. 001-12690). |
| 10.3 | + Second Amendment to Employment Agreement of Eugene W. Landy, dated April 14, 2008 (incorporated by reference to the Form 8-K as filed by the Registrant with the Securities and Exchange Commission on April 16, 2008, Registration No. 001-12690). |
| 10.4 | + Third Amendment to Employment Agreement with Mr. Eugene W. Landy effective October 1, 2014 (incorporated by reference to the Form 8-K as filed by the Registrant with the Securities and Exchange Commission on October 8, 2014, Registration No. 001-12690). |
| 10.5 | + Amended and Restated Employment Agreement Effective January 1, 2018, between UMH Properties, Inc. and Samuel A. Landy (incorporated by reference to the Form 8-K as filed by the Registrant with the Securities and Exchange Commission on April 13, 2018, Registration No. 001-12690). |
| 10.6 | + Amended and Restated Employment Agreement Effective January 1, 2018, between UMH Properties, Inc. and Anna T. Chew (incorporated by reference to the Form 8-K as filed by the Registrant with the Securities and Exchange Commission on April 13, 2018, Registration No. 001-12690). |
| 10.7 | + Form of Indemnification Agreement between UMH Properties, Inc. and its Directors and Executive Officers (incorporated by reference to the Form 8-K as filed by the Registrant with the Securities and Exchange Commission on April 23, 2012, Registration No. 001-12690). |
| 10.8 | + UMH Properties, Inc. Amended and Restated 2013 Incentive Award Plan (incorporated by reference to the Company's Definitive Proxy Statement (DEF 14A) as filed with the Securities and Exchange Commission on April 20, 2018, Registration No. 001-12690). |
| 10.9 | Dividend Reinvestment and Stock Purchase Plan (incorporated by reference to the Company's Registration Statement filed on Form S-3D as filed with the Securities and Exchange Commission on June 17, 2019, Registration No. 333-232162). |

| Exhibit No. | Description |
|----------------|--|
| 10.10 | Amended and Restated Credit Agreement by and among UMH Properties, Inc. and Bank of Montreal dated March 28, 2018 (incorporated by reference to the Form 8-K as filed by the Registrant with the Securities and Exchange Commission on December 4, 2018, Registration No. 001-12690). |
| 10.11 | At-the-Market Sales Agreement by and between UMH Properties, Inc. and B. Riley FBR, Inc. (incorporated by reference to the Form 8-K as filed by the Registrant with the Securities and Exchange Commission on October 22, 2019, Registration No. 001-12690). |
| 10.12 | Equity Distribution Agreement by and between UMH Properties, Inc. and BMO Capital Markets Corp., B. Riley FBR, Inc., Compass Point Research & Trading LLC, D.A. Davidson & Co., Janney Montgomery Scott LLC, and J.P. Morgan Securities LLC (incorporated by reference to the Form 8-K as filed by the Registrant with the Securities and Exchange Commission on June 30, 2020, Registration No. 001-12690). |
| 10.13 | At-the-Market Sales Agreement by and between UMH Properties, Inc. and B. Riley Securities, Inc. (incorporated by reference to the Form 8-K as filed by the Registrant with the Securities and Exchange Commission on July 22, 2020, Registration No. 001-12690). |
| (21) | * Subsidiaries of the Registrant. |
| (23) | * Consent of PKF O'Connor Davies, LLP. |
| (31.1) | * Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |
| (31.2) | * Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |
| (32) | * Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |
| (101) | <u>Interactive Data File</u> |
| | ++ Inline XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document) |
| 101.SCH | ++ Inline XBRL Taxonomy Extension Schema Document |
| 101.CAL | ++ Inline XBRL Taxonomy Extension Calculation Document |
| 101.LAB | ++ Inline XBRL Taxonomy Extension Label Linkbase Document |
| 101.PRE | ++ Inline XBRL Taxonomy Extension Presentation Linkbase Document |
| 101.DEF | ++ Inline XBRL Taxonomy Extension Definition Linkbase Document |
| * | Filed herewith. |
| + | Denotes a management contract or compensatory plan or arrangement. |
| ++ | Pursuant to Rule 406T of Regulation S-T, this interactive data file is deemed not "filed" or part of a registration statement or prospectus for purposes of Section 11 or 12 of the Securities Act, is deemed not "filed" for purposes of Section 18 of the Exchange Act, and otherwise is not subject to liability under these sections. |

Item 16 – Form 10-K Summary

Not applicable.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Shareholders of UMH Properties Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of UMH Properties, Inc. and subsidiaries (the “Company”) as of December 31, 2020 and 2019, and the related consolidated statements of income (loss), comprehensive income (loss), shareholders’ equity, and cash flows for each of the three years in the period ended December 31, 2020, and the related notes and schedule listed in the Index at Item 15(a)(2)(i) (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2020, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (“PCAOB”), the Company’s internal control over financial reporting as of December 31, 2020, based on criteria established in *Internal Control–Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated March 10, 2021, expressed an unqualified opinion.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of a critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Valuation of Investment in Property and Equipment

At December 31, 2020, the Company's net consolidated investment property and equipment totaled \$858 million. As discussed in note 2 to the consolidated financial statements, the Company's investment property and equipment is evaluated annually or whenever events or changes in circumstances indicates possible impairment. If there is an indication of possible impairment related to an investment property that is held and used, the expected future undiscounted cash flows are compared against the carrying value of that investment property. If the undiscounted cash flows are less than the carrying value, the Company would then determine the fair market value of the property to calculate the extent of any impairment loss to recognize.

Auditing the Company's evaluation of investment property and equipment for impairment was complex and highly subjective. The determination of the undiscounted cash flows for properties are sensitive to significant assumptions such as rental revenue and expense growth rates, and capitalization rates used to estimate a property's residual value, all of which can be affected by expectations about future market conditions, customer demand, and competition, as well as the Company's intent to hold and operate the property over the term assumed in the analysis.

We obtained an understanding, evaluated the design, and tested the operating effectiveness of controls related to the Company's process for evaluating investment in real estate for impairment, including controls over management's review of the significant assumptions described above.

To test the Company's process for evaluating investment property and equipment for impairment, we performed audit procedures that included, among others, assessing the methodologies, evaluating the significant assumptions of the matters discussed above and testing the completeness and accuracy of the underlying data used by the Company in its analysis. We compared the significant assumptions used by the Company to historical operational data of the particular property. We also compared the projected net operating income to historical actual results. As part of our evaluation, we assessed the historical accuracy of the Company's estimates and performed sensitivity analyses of certain assumptions to evaluate the changes in the undiscounted cash flows of certain properties that would result from changes in the assumptions used by management.

/s/ PKF O'Connor Davies, LLP

March 10, 2021
New York, New York

We have served as the Company's auditor since 2008.

UMH PROPERTIES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
AS OF DECEMBER 31, 2020 and 2019
(in thousands except per share amounts)

| -ASSETS- | 2020 | 2019 |
|--|---------------------|---------------------|
| Investment Property and Equipment | | |
| Land | \$ 73,704 | \$ 72,459 |
| Site and Land Improvements | 656,721 | 618,041 |
| Buildings and Improvements | 28,153 | 27,380 |
| Rental Homes and Accessories | 349,905 | 297,401 |
| Total Investment Property | 1,108,483 | 1,015,281 |
| Equipment and Vehicles | 22,572 | 21,145 |
| Total Investment Property and Equipment | 1,131,055 | 1,036,426 |
| Accumulated Depreciation | (272,823) | (232,783) |
| Net Investment Property and Equipment | 858,232 | 803,643 |
| Other Assets | | |
| Cash and Cash Equivalents | 15,336 | 12,902 |
| Marketable Securities at Fair Value | 103,172 | 116,186 |
| Inventory of Manufactured Homes | 25,450 | 31,967 |
| Notes and Other Receivables, net | 46,414 | 37,995 |
| Prepaid Expenses and Other Assets | 17,785 | 10,762 |
| Land Development Costs | 20,825 | 11,998 |
| Total Other Assets | 228,982 | 221,810 |
| TOTAL ASSETS | \$ 1,087,214 | \$ 1,025,453 |

See Accompanying Notes to Consolidated Financial Statements

UMH PROPERTIES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (CONTINUED)
AS OF DECEMBER 31, 2020 and 2019
(in thousands except per share amounts)

| - LIABILITIES AND SHAREHOLDERS' EQUITY - | 2020 | 2019 |
|--|---------------------|---------------------|
| LIABILITIES: | | |
| Mortgages Payable, net of unamortized debt issuance costs | \$ 469,279 | \$ 373,658 |
| Other Liabilities: | | |
| Accounts Payable | 4,390 | 4,572 |
| Loans Payable, net of unamortized debt issuance costs | 87,009 | 83,686 |
| Accrued Liabilities and Deposits | 17,295 | 10,575 |
| Tenant Security Deposits | 7,433 | 6,623 |
| Total Other Liabilities | 116,127 | 105,456 |
| Total Liabilities | 585,406 | 479,114 |
| Commitments and Contingencies | | |
| Shareholders' Equity: | | |
| Series B – 8.0% Cumulative Redeemable Preferred | | |
| Stock, par value \$0.10 per share, 4,000 shares authorized; | | |
| 3,801 shares issued and outstanding as of December 31, 2019 | -0- | 95,030 |
| Series C – 6.75% Cumulative Redeemable Preferred | | |
| Stock, par value \$0.10 per share, 13,750 shares authorized; | | |
| 9,884 and 9,750 shares issued and outstanding as of December | | |
| 31, 2020 and 2019, respectively | 247,100 | 243,750 |
| Series D – 6.375% Cumulative Redeemable Preferred | | |
| Stock, par value \$0.10 per share, 9,300 and 6,000 shares | | |
| authorized; 6,434 and 2,651 shares issued and outstanding as | | |
| of December 31, 2020 and 2019, respectively | 160,854 | 66,268 |
| Common Stock - \$0.10 par value per share, 140,364 and 123,664 | | |
| shares authorized; 41,919 and 41,130 shares issued and | | |
| outstanding as of December 31, 2020 and 2019, respectively | 4,192 | 4,113 |
| Excess Stock - \$0.10 par value per share, 3,000 shares | | |
| authorized; no shares issued or outstanding as of | | |
| December 31, 2020 and 2019 | -0- | -0- |
| Additional Paid-In Capital | 115,026 | 162,542 |
| Undistributed Income (Accumulated Deficit) | (25,364) | (25,364) |
| Total Shareholders' Equity | 501,808 | 546,339 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | \$ 1,087,214 | \$ 1,025,453 |

See Accompanying Notes to Consolidated Financial Statements

UMH PROPERTIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME (LOSS)
FOR THE YEARS ENDED DECEMBER 31, 2020, 2019 and 2018
(in thousands)

| | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|--|--------------------|-----------------|--------------------|
| INCOME: | | | |
| Rental and Related Income | \$ 143,344 | \$ 128,611 | \$ 113,833 |
| Sales of Manufactured Homes | 20,265 | 17,980 | 15,754 |
| Total Income | <u>163,609</u> | <u>146,591</u> | <u>129,587</u> |
| EXPENSES: | | | |
| Community Operating Expenses | 63,175 | 61,708 | 52,949 |
| Cost of Sales of Manufactured Homes | 14,417 | 12,938 | 11,716 |
| Selling Expenses | 4,941 | 5,079 | 3,774 |
| General and Administrative Expenses | 11,056 | 10,046 | 10,880 |
| Depreciation Expense | 41,707 | 36,811 | 31,691 |
| Total Expenses | <u>135,296</u> | <u>126,582</u> | <u>111,010</u> |
| OTHER INCOME (EXPENSE): | | | |
| Interest Income | 2,917 | 2,619 | 2,255 |
| Dividend Income | 5,729 | 7,535 | 10,367 |
| Gain on Sales of Marketable Securities, net | -0- | -0- | 20 |
| Increase (Decrease) in Fair Value of Marketable Securities | (14,119) | 14,915 | (51,675) |
| Other Income | 718 | 588 | 410 |
| Interest Expense | (18,287) | (17,805) | (16,039) |
| Total Other Income (Expense) | <u>(23,042)</u> | <u>7,852</u> | <u>(54,662)</u> |
| Income (Loss) Before Loss on Sales of Investment Property and Equipment | 5,271 | 27,861 | (36,085) |
| Loss on Sales of Investment Property and Equipment | (216) | (111) | (131) |
| Net Income (Loss) | 5,055 | 27,750 | (36,216) |
| Less: Preferred Dividends | (31,943) | (25,184) | (20,316) |
| Less: Redemption of Preferred Stock | (2,871) | -0- | -0- |
| Net Income (Loss) Attributable to Common Shareholders | <u>\$ (29,759)</u> | <u>\$ 2,566</u> | <u>\$ (56,532)</u> |

See Accompanying Notes to Consolidated Financial Statements

UMH PROPERTIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME (LOSS) (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2020, 2019 and 2018
(in thousands except per share amounts)

| | 2020 | 2019 | 2018 |
|---|----------|--------|----------|
| Basic Income (Loss) Per Share: | | | |
| Net Income (Loss) | \$0.12 | \$0.70 | \$(0.98) |
| Less: Preferred Dividends | (0.77) | (0.63) | (0.55) |
| Less: Redemption of Preferred Stock | (0.07) | -0- | -0- |
| Net Income (Loss) Attributable to Common Shareholders | \$(0.72) | \$0.07 | \$(1.53) |
| Diluted Income (Loss) Per Share: | | | |
| Net Income (Loss) | \$0.12 | \$0.69 | \$(0.98) |
| Less: Preferred Dividends | (0.77) | (0.63) | (0.55) |
| Less: Redemption of Preferred Stock | (0.07) | -0- | -0- |
| Net Income (Loss) Attributable to Common Shareholders | \$(0.72) | \$0.06 | \$(1.53) |
| Weighted Average Common Shares Outstanding: | | | |
| Basic | 41,395 | 39,909 | 36,871 |
| Diluted | 41,395 | 40,203 | 36,871 |

See Accompanying Notes to Consolidated Financial Statements

UMH PROPERTIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2020, 2019 and 2018
(in thousands)

| | Common Stock Issued and Outstanding Number | Common Stock Amount | Preferred Stock Series B | Preferred Stock Series C |
|--|---|--------------------------------|---|---|
| Balance December 31, 2017 | 35,488 | \$3,549 | \$95,030 | \$143,750 |
| Unrealized Net Holding Gain on Securities Available for Sale, Net of Reclassification Adjustment (See Note 2) | -0- | -0- | -0- | -0- |
| Common Stock Issued with the DRIP* | 2,654 | 265 | -0- | -0- |
| Common Stock Issued through Restricted Stock Awards | 49 | 5 | -0- | -0- |
| Common Stock Issued through Stock Options | 129 | 13 | -0- | -0- |
| Preferred Stock Issued through Underwritten Registered Public Offering, net | -0- | -0- | -0- | -0- |
| Distributions | -0- | -0- | -0- | -0- |
| Stock Compensation Expense | -0- | -0- | -0- | -0- |
| Net Income (Loss) | -0- | -0- | -0- | -0- |
| Balance December 31, 2018 | 38,320 | 3,832 | 95,030 | 143,750 |
| Common Stock Issued with the DRIP* | 2,468 | 247 | -0- | -0- |
| Common Stock Issued through Restricted/ Unrestricted Stock Awards | 122 | 12 | -0- | -0- |
| Common Stock Issued through Stock Options | 240 | 24 | -0- | -0- |
| Repurchase of Common Stock | (20) | (2) | -0- | -0- |
| Preferred Stock Issued through Underwritten Registered Public Offering, net | -0- | -0- | -0- | 100,000 |
| Preferred Stock Issued in connection with At-The-Market Offerings, net | -0- | -0- | -0- | -0- |
| Distributions | -0- | -0- | -0- | -0- |
| Stock Compensation Expense | -0- | -0- | -0- | -0- |
| Net Income (Loss) | -0- | -0- | -0- | -0- |
| Balance December 31, 2019 | 41,130 | 4,113 | 95,030 | 243,750 |
| Common Stock Issued with the DRIP* | 720 | 72 | -0- | -0- |
| Common Stock Issued through Restricted/ Unrestricted Stock Awards | 46 | 5 | -0- | -0- |
| Common Stock Issued through Stock Options | 63 | 6 | -0- | -0- |
| Common Stock Issued in connection with At-The-Market Offerings, net | 135 | 13 | -0- | -0- |
| Repurchase of Common Stock | (174) | (17) | -0- | -0- |
| Repurchase of Preferred Stock | -0- | -0- | (13) | -0- |
| Preferred Stock Issued in connection with At-The-Market Offerings, net | -0- | -0- | -0- | 3,350 |
| Redemption of Preferred Stock | -0- | -0- | (95,017) | -0- |
| Distributions | -0- | -0- | -0- | -0- |
| Stock Compensation Expense | -0- | -0- | -0- | -0- |
| Net Income (Loss) | -0- | -0- | -0- | -0- |
| Balance December 31, 2020 | 41,920 | \$4,192 | \$-0- | \$247,100 |

**Dividend Reinvestment and Stock Purchase Plan*

See Accompanying Notes to Consolidated Financial Statements

UMH PROPERTIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY, CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2020, 2019 and 2018
(in thousands)

| | Preferred Stock Series D | Additional Paid-In Capital | Accumulated Other Comprehensive Income (Loss) | Undistributed Income (Accumulated Deficit) | Total Shareholders' Equity |
|--|--------------------------------|----------------------------------|--|---|----------------------------------|
| Balance December 31, 2017 | \$-0- | \$168,035 | \$11,520 | \$(668) | \$421,216 |
| Unrealized Net Holding Gain on Securities Available for Sale, Net of Reclassification Adjustment (See Note 2) | -0- | -0- | (11,520) | 11,520 | -0- |
| Common Stock Issued with the DRIP* | -0- | 34,849 | -0- | -0- | 35,114 |
| Common Stock Issued through Restricted Stock Awards | -0- | (5) | -0- | -0- | -0- |
| Common Stock Issued through Stock Options | -0- | 1,372 | -0- | -0- | 1,385 |
| Preferred Stock Issued through Underwritten Registered Public Offering, net | 50,000 | (1,753) | -0- | -0- | 48,247 |
| Distributions | -0- | (46,661) | -0- | -0- | (46,661) |
| Stock Compensation Expense | -0- | 1,613 | -0- | -0- | 1,613 |
| Net Income (Loss) | -0- | -0- | -0- | (36,216) | (36,216) |
| Balance December 31, 2018 | 50,000 | 157,450 | -0- | (25,364) | 424,698 |
| Common Stock Issued with the DRIP* | -0- | 31,256 | -0- | -0- | 31,503 |
| Common Stock Issued through Restricted Stock Awards | -0- | (12) | -0- | -0- | -0- |
| Common Stock Issued through Stock Options | -0- | 2,579 | -0- | -0- | 2,603 |
| Repurchase of Common Stock | -0- | (235) | -0- | -0- | (237) |
| Preferred Stock Issued through Underwritten Registered Public Offering, net | -0- | (3,312) | -0- | -0- | 96,688 |
| Preferred Stock Issued in connection with At-The-Market Offerings, net | 16,268 | (337) | -0- | -0- | 15,931 |
| Distributions | -0- | (26,786) | -0- | (27,750) | (54,536) |
| Stock Compensation Expense | -0- | 1,939 | -0- | -0- | 1,939 |
| Net Income (Loss) | -0- | -0- | -0- | 27,750 | 27,750 |
| Balance December 31, 2019 | 66,268 | 162,542 | -0- | (25,364) | 546,339 |
| Common Stock Issued with the DRIP* | -0- | 9,082 | -0- | -0- | 9,154 |
| Common Stock Issued through Restricted/ Unrestricted Stock Awards | -0- | (5) | -0- | -0- | -0- |
| Common Stock Issued through Stock Options | -0- | 653 | -0- | -0- | 659 |
| Common Stock Issued in connection with At-The-Market Offerings, net | -0- | 1,730 | -0- | -0- | 1,743 |
| Repurchase of Common Stock | -0- | (1,813) | -0- | -0- | (1,830) |
| Repurchase of Preferred Stock | -0- | 1 | -0- | -0- | (12) |
| Preferred Stock Issued in connection with At-The-Market Offerings, net | 94,586 | (1,795) | -0- | -0- | 96,141 |
| Redemption of Preferred Stock | -0- | 2,871 | -0- | (2,871) | (95,017) |
| Distributions | -0- | (59,567) | -0- | (2,184) | (61,751) |
| Stock Compensation Expense | -0- | 1,327 | -0- | -0- | 1,327 |
| Net Income (Loss) | -0- | -0- | -0- | 5,055 | 5,055 |
| Balance December 31, 2020 | \$160,854 | \$115,026 | \$-0- | \$(25,364) | \$501,808 |

*Dividend Reinvestment and Stock Purchase Plan.

See Accompanying Notes to Consolidated Financial Statements

UMH PROPERTIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020, 2019 and 2018
(in thousands)

| | 2020 | 2019 | 2018 |
|---|------------------|------------------|------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | |
| Net Income (Loss) | \$ 5,055 | \$ 27,750 | \$ (36,216) |
| Non-cash items included in Net Income (Loss): | | | |
| Depreciation | 41,707 | 36,811 | 31,691 |
| Amortization of Financing Costs | 1,027 | 758 | 625 |
| Stock Compensation Expense | 1,327 | 1,939 | 1,613 |
| Provision for Uncollectible Notes and Other Receivables | 1,546 | 1,408 | 1,231 |
| Gain on Sales of Marketable Securities, net | -0- | -0- | (20) |
| (Increase) Decrease in Fair Value of Marketable Securities | 14,119 | (14,915) | 51,675 |
| Loss on Sales of Investment Property and Equipment | 216 | 111 | 131 |
| Changes in Operating Assets and Liabilities: | | | |
| Inventory of Manufactured Homes | 6,517 | (8,264) | (6,134) |
| Notes and Other Receivables, net of notes acquired with acquisitions | (9,965) | (7,909) | (6,438) |
| Prepaid Expenses and Other Assets | 140 | (3,817) | (457) |
| Accounts Payable | (182) | 699 | 913 |
| Accrued Liabilities and Deposits | 6,720 | 3,164 | 846 |
| Tenant Security Deposits | 810 | 781 | 715 |
| Net Cash Provided by Operating Activities | <u>69,037</u> | <u>38,516</u> | <u>40,175</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | |
| Purchase of Manufactured Home Communities, net of mortgages assumed | (7,790) | (38,799) | (55,880) |
| Purchase of Investment Property and Equipment | (76,761) | (64,535) | (52,970) |
| Proceeds from Sales of Investment Property and Equipment | 2,657 | 2,745 | 2,754 |
| Additions to Land Development Costs | (20,771) | (20,086) | (13,221) |
| Purchase of Marketable Securities | (1,105) | (1,800) | (18,555) |
| Proceeds from Sales/ Redemption of Marketable Securities | -0- | 125 | 269 |
| Net Cash Used in Investing Activities | <u>(103,770)</u> | <u>(122,350)</u> | <u>(137,603)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | | |
| Proceeds from Mortgages, net of mortgages assumed | 105,984 | 44,850 | 28,192 |
| Net Proceeds (Payments) from Short Term Borrowings | 3,309 | (24,373) | 23,652 |
| Principal Payments of Mortgages and Loans | (9,313) | (21,624) | (6,866) |
| Financing Costs on Debt | (4,737) | (752) | (749) |
| Proceeds from Issuance of Preferred Stock, net of offering costs | -0- | 96,688 | 48,247 |
| Proceeds from At-The-Market Preferred Equity Program, net of offering costs | 96,141 | 15,931 | -0- |
| Redemption of 8.0% Series B Preferred Stock | (95,017) | -0- | -0- |
| Proceeds from At-The-Market Common Equity Program, net of offering costs | 1,743 | -0- | -0- |
| Proceeds from Issuance of Common Stock in the DRIP, net of dividend reinvestments | 6,003 | 23,796 | 30,038 |
| Repurchase of Preferred Stock | (12) | -0- | -0- |
| Repurchase of Common Stock | (1,830) | (237) | -0- |
| Proceeds from Exercise of Stock Options | 659 | 2,603 | 1,385 |
| Preferred Dividends Paid | (31,943) | (25,709) | (20,050) |
| Common Dividends Paid, net of dividend reinvestments | (26,657) | (21,120) | (21,535) |
| Net Cash Provided by Financing Activities | <u>44,330</u> | <u>90,053</u> | <u>82,314</u> |
| Net Increase (Decrease) in Cash, Cash Equivalents and Restricted Cash | 9,597 | 6,219 | (15,114) |
| Cash, Cash Equivalents and Restricted Cash at Beginning of Year | <u>18,996</u> | <u>12,777</u> | <u>27,891</u> |
| CASH, CASH EQUIVALENTS AND RESTRICTED CASH AT END OF YEAR | <u>\$ 28,593</u> | <u>\$ 18,996</u> | <u>\$ 12,777</u> |

See Accompanying Notes to Consolidated Financial Statements

UMH PROPERTIES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 and 2019

NOTE 1 – ORGANIZATION

UMH Properties, Inc., a Maryland corporation, and its subsidiaries (the “Company”) operates as a real estate investment trust (“REIT”) deriving its income primarily from real estate rental operations. The Company, through its wholly-owned taxable subsidiary, UMH Sales and Finance, Inc. (“S&F”), also sells manufactured homes to residents and prospective residents in our communities. Inherent in the operations of manufactured home communities are site vacancies. S&F was established to fill these vacancies and enhance the value of the communities. The Company also owns a portfolio of REIT securities which the Company generally limits to no more than approximately 15% of its undepreciated assets (which is the Company’s total assets excluding accumulated depreciation). Management views the Company as a single segment based on its method of internal reporting in addition to its allocation of capital and resources.

On March 11, 2020, the World Health Organization declared COVID-19 a pandemic, and on March 13, 2020, the United States declared a national emergency with respect to COVID-19. The Company’s 124 residential communities remain open and operational. The effects of the COVID-19 pandemic did not significantly impact the Company’s operating results for the year ended December 31, 2020. However, the future effects of the evolving impact of the COVID-19 pandemic are uncertain.

Description of the Business

As of December 31, 2020, the Company owned and operated 124 manufactured home communities containing approximately 23,400 developed sites. These communities are located in New Jersey, New York, Ohio, Pennsylvania, Tennessee, Indiana, Michigan and Maryland. Subsequent to year end, the Company purchased two additional communities totaling approximately 340 sites, one in Alabama and one in South Carolina.

These manufactured home communities are listed by trade names as follows:

| MANUFACTURED HOME COMMUNITY | LOCATION |
|------------------------------------|----------------------------------|
| Allentown | Memphis, Tennessee |
| Arbor Estates | Doylestown, Pennsylvania |
| Auburn Estates | Orrville, Ohio |
| Birchwood Farms | Birch Run, Michigan |
| Boardwalk | Elkhart, Indiana |
| Broadmore Estates | Goshen, Indiana |
| Brookside Village | Berwick, Pennsylvania |
| Brookview Village | Greenfield Center, New York |
| Camelot Village | Anderson, Indiana |
| Camelot Woods | Altoona, Pennsylvania |
| Candlewick Court | Owosso, Michigan |
| Carsons | Chambersburg, Pennsylvania |
| Catalina | Middletown, Ohio |
| Cedarcrest Village | Vineland, New Jersey |
| Chambersburg I & II | Chambersburg, Pennsylvania |
| Chelsea | Sayre, Pennsylvania |
| Cinnamon Woods | Conowingo, Maryland |
| City View | Lewistown, Pennsylvania |
| Clinton Mobile Home Resort | Tiffin, Ohio |
| Collingwood | Horseheads, New York |
| Colonial Heights | Wintersville, Ohio |
| Countryside Estates | Muncie, Indiana |
| Countryside Estates | Ravenna, Ohio |
| Countryside Village | Columbia, Tennessee |
| Cranberry Village | Cranberry Township, Pennsylvania |

MANUFACTURED HOME COMMUNITY**LOCATION**

| | |
|------------------------------|----------------------------------|
| Crestview | Athens, Pennsylvania |
| Cross Keys Village | Duncansville, Pennsylvania |
| Crossroads Village | Mount Pleasant, Pennsylvania |
| Dallas Mobile Home Community | Toronto, Ohio |
| Deer Meadows | New Springfield, Ohio |
| Deer Run | Dothan, Alabama |
| D & R Village | Clifton Park, New York |
| Evergreen Estates | Lodi, Ohio |
| Evergreen Manor | Bedford, Ohio |
| Evergreen Village | Mantua, Ohio |
| Fairview Manor | Millville, New Jersey |
| Fifty One Estates | Elizabeth, Pennsylvania |
| Forest Creek | Elkhart, Indiana |
| Forest Park Village | Cranberry Township, Pennsylvania |
| Fox Chapel Village | Cheswick, Pennsylvania |
| Frieden Manor | Schuylkill Haven, Pennsylvania |
| Friendly Village | Perrysburg, Ohio |
| Green Acres | Chambersburg, Pennsylvania |
| Gregory Courts | Honey Brook, Pennsylvania |
| Hayden Heights | Dublin, Ohio |
| Heather Highlands | Inkerman, Pennsylvania |
| High View Acres | Apollo, Pennsylvania |
| Highland | Elkhart, Indiana |
| Highland Estates | Kutztown, Pennsylvania |
| Hillcrest Crossing | Lower Burrell, Pennsylvania |
| Hillcrest Estates | Marysville, Ohio |
| Hillside Estates | Greensburg, Pennsylvania |
| Holiday Village | Nashville, Tennessee |
| Holiday Village | Elkhart, Indiana |
| Holly Acres Estates | Erie, Pennsylvania |
| Hudson Estates | Peninsula, Ohio |
| Huntingdon Pointe | Tarrs, Pennsylvania |
| Independence Park | Clinton, Pennsylvania |
| Iris Winds | Sumter, South Carolina |
| Kinnebrook | Monticello, New York |
| Lake Erie Estates | Fredonia, New York |
| Lake Sherman Village | Navarre, Ohio |
| Lakeview Meadows | Lakeview, Ohio |
| Laurel Woods | Cresson, Pennsylvania |
| Little Chippewa | Orrville, Ohio |
| Maple Manor | Taylor, Pennsylvania |
| Marysville Estates | Marysville, Ohio |
| Meadowood | New Middletown, Ohio |
| Meadows | Nappanee, Indiana |
| Meadows of Perrysburg | Perrysburg, Ohio |
| Melrose Village | Wooster, Ohio |
| Melrose West | Wooster, Ohio |
| Memphis Blues | Memphis, Tennessee |
| Monroe Valley | Jonestown, Pennsylvania |
| Moosic Heights | Avoca, Pennsylvania |
| Mount Pleasant Village | Mount Pleasant, Pennsylvania |
| Mountaintop | Narvon, Pennsylvania |
| New Colony | West Mifflin, Pennsylvania |
| Northtowne Meadows | Erie, Michigan |
| Oak Ridge Estates | Elkhart, Indiana |
| Oakwood Lake Village | Tunkhannock, Pennsylvania |

MANUFACTURED HOME COMMUNITY**LOCATION**

| | |
|-----------------------------------|----------------------------|
| Olmsted Falls | Olmsted Township, Ohio |
| Oxford Village | West Grove, Pennsylvania |
| Parke Place | Elkhart, Indiana |
| Perrysburg Estates | Perrysburg, Ohio |
| Pikewood Manor | Elyria, Ohio |
| Pine Ridge Village/Pine Manor | Carlisle, Pennsylvania |
| Pine Valley Estates | Apollo, Pennsylvania |
| Pleasant View Estates | Bloomsburg, Pennsylvania |
| Port Royal Village | Belle Vernon, Pennsylvania |
| Redbud Estates | Anderson, Indiana |
| River Valley Estates | Marion, Ohio |
| Rolling Hills Estates | Carlisle, Pennsylvania |
| Rostraver Estates | Belle Vernon, Pennsylvania |
| Sandy Valley Estates | Magnolia, Ohio |
| Shady Hills | Nashville, Tennessee |
| Somerset Estates/Whispering Pines | Somerset, Pennsylvania |
| Southern Terrace | Columbiana, Ohio |
| Southwind Village | Jackson, New Jersey |
| Spreading Oaks Village | Athens, Ohio |
| Springfield Meadows | Springfield, Ohio |
| Suburban Estates | Greensburg, Pennsylvania |
| Summit Estates | Ravenna, Ohio |
| Summit Village | Marion, Indiana |
| Sunny Acres | Somerset, Pennsylvania |
| Sunnyside | Eagleville, Pennsylvania |
| Trailmont | Goodlettsville, Tennessee |
| Twin Oaks I & II | Olmsted Township, Ohio |
| Twin Pines | Goshen, Indiana |
| Valley High | Ruffs Dale, Pennsylvania |
| Valley Hills | Ravenna, Ohio |
| Valley Stream | Mountaintop, Pennsylvania |
| Valley View I | Ephrata, Pennsylvania |
| Valley View II | Ephrata, Pennsylvania |
| Valley View Honeybrook | Honey Brook, Pennsylvania |
| Voyager Estates | West Newton, Pennsylvania |
| Waterfalls Village | Hamburg, New York |
| Wayside | Bellefontaine, Ohio |
| Weatherly Estates | Lebanon, Tennessee |
| Wellington Estates | Export, Pennsylvania |
| Woodland Manor | West Monroe, New York |
| Woodlawn Village | Eatontown, New Jersey |
| Woods Edge | West Lafayette, Indiana |
| Wood Valley | Caledonia, Ohio |
| Worthington Arms | Lewis Center, Ohio |
| Youngstown Estates | Youngstown, New York |

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**Basis of Presentation and Principles of Consolidation**

The Company prepares its financial statements under the accrual basis of accounting, in conformity with accounting principles generally accepted in the United States of America (“GAAP”). The Company’s subsidiaries are all 100% wholly-owned. The consolidated financial statements of the Company include all of these subsidiaries. All intercompany transactions and balances have been eliminated in consolidation. The Company does not have a majority or minority interest in any other company, either consolidated or unconsolidated.

Use of Estimates

In preparing the consolidated financial statements in accordance with GAAP, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, as well as contingent assets and liabilities as of the dates of the consolidated balance sheets and revenue and expenses for the years then ended. These estimates and assumptions include the allowance for doubtful accounts, valuation of inventory, depreciation, valuation of securities, reserves and accruals, and stock compensation expense. Actual results could differ from these estimates and assumptions.

Investment Property and Equipment and Depreciation

Property and equipment are carried at cost less accumulated depreciation. Depreciation for Sites and Buildings is computed principally on the straight-line method over the estimated useful lives of the assets (ranging from 15 to 27.5 years). Depreciation of Improvements to Sites and Buildings, Rental Homes and Equipment and Vehicles is computed principally on the straight-line method over the estimated useful lives of the assets (ranging from 3 to 27.5 years). Land Development Costs are not depreciated until they are put in use, at which time they are capitalized as Site and Land Improvements. Interest Expense pertaining to Land Development Costs are capitalized. Maintenance and Repairs are charged to expense as incurred and improvements are capitalized. The costs and related accumulated depreciation of property sold or otherwise disposed of are removed from the financial statements and any gain or loss is reflected in the current year's results of operations.

The Company applies Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 360-10, Property, Plant & Equipment ("ASC 360-10") to measure impairment in real estate investments. Rental properties are individually evaluated for impairment when conditions exist which may indicate that it is probable that the sum of expected future cash flows (on an undiscounted basis without interest) from a rental property is less than the carrying value under its historical net cost basis. These expected future cash flows consider factors such as future operating income, trends and prospects as well as the effects of leasing demand, competition and other factors. Upon determination that an other than temporary impairment has occurred, rental properties are reduced to their fair value. For properties to be disposed of, an impairment loss is recognized when the fair value of the property, less the estimated cost to sell, is less than the carrying amount of the property measured at the time there is a commitment to sell the property and/or it is actively being marketed for sale. A property to be disposed of is reported at the lower of its carrying amount or its estimated fair value, less its cost to sell. Subsequent to the date that a property is held for disposition, depreciation expense is not recorded.

The Company conducted a comprehensive review of all real estate asset classes in accordance with ASC 360-10-35-21. The process entailed the analysis of property for instances where the net book value exceeded the estimated fair value. The Company utilizes the experience and knowledge of its internal valuation team to derive certain assumptions used to determine an operating property's cash flow. Such assumptions include lease-up rates, rental rates, rental growth rates, and capital expenditures. The Company reviewed its operating properties in light of the requirements of ASC 360-10 and determined that, as of December 31, 2020, the undiscounted cash flows over the expected holding period for these properties were in excess of their carrying values and, therefore, no impairment charges were required.

Acquisitions

The Company accounts for acquisitions in accordance with ASC 805, Business Combinations ("ASC 805") and allocates the purchase price of the property based upon the fair value of the assets acquired, which generally consist of land, site and land improvements, buildings and improvements and rental homes. The Company allocates the purchase price of an acquired property generally determined by internal evaluation as well as third-party appraisal of the property obtained in conjunction with the purchase.

In January 2017, the FASB issued Accounting Standards Update ("ASU") 2017-01, "Business Combinations (Topic 805), Clarifying the Definition of a Business". ASU 2017-01 seeks to clarify the definition of a business with the objective of adding guidance to assist entities with evaluating whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. The definition of a business affects many areas of accounting including acquisitions, disposals, intangible assets and consolidation. The adoption of ASU 2017-01 was effective for annual periods beginning after December 15, 2017, including interim periods within those periods. The amendments should be applied prospectively on or after the effective dates. Early adoption is permitted. The Company adopted

this standard effective January 1, 2017, on a prospective basis. The Company evaluated its acquisitions and has determined that its acquisitions of manufactured home communities during 2019 and 2020 should be accounted for as acquisitions of assets. As such, transaction costs, such as broker fees, transfer taxes, legal, accounting, valuation, and other professional and consulting fees, related to acquisitions are capitalized as part of the cost of the acquisitions, which is then subject to a purchase price allocation based on relative fair value. Prior to the adoption of ASU 2017-01, the Company's acquisitions were considered an acquisition of a business and therefore, the acquisition costs were expensed.

Cash and Cash Equivalents

Cash and cash equivalents include all cash and investments with an original maturity of three months or less. The Company maintains its cash in bank accounts in amounts that may exceed federally insured limits. The Company has not experienced any losses in these accounts in the past. The fair value of cash and cash equivalents approximates their current carrying amounts since all such items are short-term in nature.

Marketable Securities

Investments in marketable securities consist of marketable common and preferred stock securities of other REITs, which the Company generally limits to no more than approximately 15% of its undepreciated assets. These marketable securities are all publicly-traded and purchased on the open market, through private transactions or through dividend reinvestment plans. The Company normally holds REIT securities on a long-term basis and has the ability and intent to hold securities to recovery, therefore as of December 31, 2020 and 2019, gains or losses on the sale of securities are based on average cost and are accounted for on a trade date basis.

On January 1, 2018, the Company adopted ASU 2016-01, "Financial Instruments – Overall: Recognition and Measurement of Financial Assets and Financial Liabilities". ASU 2016-01 requires changes in the fair value of our marketable securities to be recorded in current period earnings. Previously, changes in the fair value of marketable securities were recognized in "Accumulated Other Comprehensive Income" on our Consolidated Balance Sheets. As a result, on January 1, 2018 the Company recorded an increase to beginning undistributed income (accumulated deficit) of \$11.5 million to recognize the unrealized gains previously recorded in "Accumulated Other Comprehensive Income" on our Consolidated Balance Sheets. Subsequent changes in the fair value of the Company's marketable securities are recorded in Increase (Decrease) in Fair Value of Marketable Securities on our Consolidated Statements of Income (Loss).

Inventory of Manufactured Homes

Inventory of manufactured homes is valued at the lower of cost or net realizable value and is determined by the specific identification method. All inventory is considered finished goods.

Accounts and Notes Receivables

The Company's accounts, notes and other receivables are stated at their outstanding balance and reduced by an allowance for uncollectible accounts. The Company evaluates the recoverability of its receivables whenever events occur or there are changes in circumstances such that management believes it is probable that it will be unable to collect all amounts due according to the contractual terms of the notes receivable or lease agreements. The collectability of notes receivable is measured based on the present value of the expected future cash flow discounted at the notes receivable effective interest rate or the fair value of the collateral if the notes receivable is collateral dependent. At December 31, 2020 and 2019, the reserves for uncollectible accounts, notes and other receivables were \$1.6 million and \$1.3 million, respectively. For the years ended December 31, 2020, 2019 and 2018 the provisions for uncollectible notes and other receivables were \$1.5 million, \$1.4 million and \$1.2 million, respectively. Charge-offs and other adjustments related to repossessed homes for the years ended December 31, 2020, 2019 and 2018 amounted to \$1.2 million, \$1.2 million and \$1.4 million, respectively. In 2020, the Company adopted ASU No. 2016-13, "Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments." See "Recently Adopted Accounting Pronouncements" below for additional information regarding the adoption of this ASU.

The Company's notes receivable primarily consists of installment loans collateralized by manufactured homes with principal and interest payable monthly. The weighted average interest rate on these loans is approximately 7.3% and the average maturity is approximately 10 years.

Unamortized Financing Costs

Costs incurred in connection with obtaining mortgages and other financings and refinancings are deferred and presented in the consolidated balance sheet as a direct deduction from the carrying amount of that debt liability. These costs are amortized on a straight-line basis over the term of the related obligations, and included as a component of interest expense. Unamortized costs are charged to expense upon prepayment of the obligation. Upon amendment of the line of credit or refinancing of mortgage debt, unamortized deferred financing fees are accounted for in accordance with ASC 470-50-40, Modifications and Extinguishments. As of December 31, 2020 and 2019, accumulated amortization amounted to \$6.2 million and \$5.1 million, respectively. The Company estimates that aggregate amortization expense will be approximately \$1.3 million for 2021, \$1.2 million for 2022, \$933,000 for 2023, \$886,000 for 2024, \$754,000 for 2025 and \$2.4 million thereafter.

Derivative Instruments and Hedging Activities

In the normal course of business, the Company is exposed to financial market risks, including interest rate risk on our variable rate debt. We attempt to limit these risks by following established risk management policies, procedures and strategies, including the use of derivative financial instruments. The Company's primary strategy in entering into derivative contracts is to minimize the variability that changes in interest rates could have on its future cash flows. The Company generally employs derivative instruments that effectively convert a portion of its variable rate debt to fixed rate debt. The Company does not enter into derivative instruments for speculative purposes. The Company had entered into various interest rate swap agreements that have had the effect of fixing interest rates relative to specific mortgage loans. As of December 31, 2020 and 2019, these agreements have expired and the Company no longer had any interest rate swap agreements in effect.

Leases

We account for our leases under ASC 842, "Leases." Our primary source of revenue is generated from lease agreements for our sites and homes, where we are the lessor. These leases are generally for one-year or month-to-month terms and renewable by mutual agreement from us and the resident, or in some cases, as provided by jurisdictional statute.

We are the lessee in other arrangements, primarily for our corporate office and a ground lease at one community. As of December 31, 2020, the right-of-use assets and corresponding lease liabilities of \$3.8 million are included in Prepaid Expenses and Other Assets and Accrued Liabilities and Deposits on the Consolidated Balance Sheets.

Future minimum lease payments under these leases over the remaining lease terms are as follows (in thousands):

| | |
|----------------------|-------------------------|
| 2021 | \$ 433 |
| 2022 | 423 |
| 2023 | 391 |
| 2024 | 391 |
| 2025 | 391 |
| Thereafter | <u>19,495</u> |
| Total Lease Payments | <u><u>\$ 21,524</u></u> |

The weighted average remaining lease term for these leases is 162.6 years. The right of use assets and lease liabilities was calculated using an interest rate of 5%.

Restricted Cash

The Company's restricted cash consists of amounts primarily held in deposit for tax, insurance and repair escrows held by lenders in accordance with certain debt agreements. Restricted cash is included in Prepaid Expenses and Other Assets on the Consolidated Balance Sheets.

The following table reconciles beginning of period and end of period balances of cash, cash equivalents and restricted cash for the periods shown (in thousands):

| | <u>12/31/20</u> | <u>12/31/19</u> | <u>12/31/18</u> | <u>12/31/17</u> |
|---|-----------------|-----------------|-----------------|-----------------|
| Cash and Cash Equivalents | \$15,336 | \$12,902 | \$7,433 | \$23,242 |
| Restricted Cash | <u>13,257</u> | <u>6,094</u> | <u>5,344</u> | <u>4,649</u> |
| Cash, Cash Equivalents And Restricted Cash | <u>\$28,593</u> | <u>\$18,996</u> | <u>\$12,777</u> | <u>\$27,891</u> |

Revenue Recognition

On January 1, 2018, the Company adopted ASU 2014-09 "Revenue from Contracts with Customers (Topic 606)" (ASC 606). For transactions in the scope of ASC 606, we recognize revenue when control of goods or services transfers to the customer, in the amount that we expect to receive for the transfer of goods or provision of services.

Rental and related income is generated from lease agreements for our sites and homes. The lease component of these agreements is accounted for under ASC 842 "Leases." The non-lease components of our lease agreements consist primarily of utility reimbursements, which are accounted for with the site lease as a single lease under ASC 842.

Revenue from sales of manufactured homes is recognized in accordance with the core principle of ASC 606, at the time of closing when control of the home transfers to the customer. After closing of the sale transaction, we generally have no remaining performance obligation.

Interest income is primarily from notes receivables for the previous sales of manufactured homes. Interest income on these receivables is accrued based on the unpaid principal balances of the underlying loans on a level yield basis over the life of the loans.

Dividend income and gain on sales of marketable securities are from our investments in marketable securities and are presented separately but are not in the scope of ASC 606.

Other income primarily consists of brokerage commissions for arranging for the sale of a home by a third party and other miscellaneous income. This income is recognized when the transactions are completed and our performance obligations have been fulfilled.

Net Income (Loss) Per Share

Basic net income (loss) per share is calculated by dividing net income (loss) by the weighted average number of common shares outstanding during the period (41.4 million, 39.9 million and 36.9 million in 2020, 2019 and 2018, respectively). Diluted net income (loss) per share is calculated by dividing net income (loss) by the weighted average number of common shares outstanding plus the weighted average number of net shares that would be issued upon exercise of stock options pursuant to the treasury stock method. For the years ended December 31, 2020 and 2018, employee stock options to purchase 3.3 million and 2.3 million, respectively, shares of common stock were excluded from the computation of Diluted Net Income (Loss) per Share as their effect would be anti-dilutive. For the year ended December 31, 2019, common stock equivalents resulting from employee stock options to purchase 2.6 million shares of common stock amounted to 294,000 shares, which were included in the computation of Diluted Net Income (Loss) per Share.

Stock Compensation Plan

The Company accounts for awards of stock, stock options and restricted stock in accordance with ASC 718-10, Compensation-Stock Compensation. ASC 718-10 requires that compensation cost for all stock awards be calculated and amortized over the service period (generally equal to the vesting period). The compensation cost for stock option grants are determined using option pricing models, intended to estimate the fair value of the awards at the grant date less estimated forfeitures. The compensation expense for restricted stock are recognized based on the fair value of the restricted stock awards less estimated forfeitures. The fair value of restricted stock awards are equal to the fair value of the Company's stock on the grant date. Compensation costs, which is included in General and Administrative Expenses, of \$1.3 million, \$1.9 million and \$1.6 million have been recognized in 2020, 2019 and 2018, respectively. During 2020, compensation costs included a one-time charge of \$127,000 for restricted stock and stock option grants awarded to two participants who were of retirement age and therefore the entire amount of measured compensation cost has been recognized at grant date. During 2019 and 2018, compensation costs included a one-time charge of \$179,000, and \$210,000, respectively, for restricted stock and stock option grants awarded to one participant who is of retirement age and therefore the entire amount of measured compensation cost has been recognized at grant date. Included in Note 6 to these consolidated financial statements are the assumptions and methodology used to calculate the fair value of stock options and restricted stock awards.

Income Tax

The Company has elected to be taxed as a REIT under the applicable provisions of Sections 856 to 860 of the Internal Revenue Code. Under such provisions, the Company will not be taxed on that portion of its income which is distributed to shareholders, provided it distributes at least 90% of its taxable income, has at least 75% of its assets in real estate or cash-type investments and meets certain other requirements for qualification as a REIT. The Company has and intends to continue to distribute all of its income currently, and therefore no provision has been made for income or excise taxes. If the Company fails to qualify as a REIT in any taxable year, it will be subject to federal income taxes at regular corporate rates and may not be able to qualify as a REIT for four subsequent taxable years. The Company is also subject to certain state and local income, excise or franchise taxes. In addition, the Company has a taxable REIT Subsidiary ("TRS") which is subject to federal and state income taxes at regular corporate tax rates (See Note 11).

The Company follows the provisions of ASC Topic 740, Income Taxes, that, among other things, defines a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. ASC Topic 740 also provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. Based on its evaluation, the Company determined that it has no uncertain tax positions and no unrecognized tax benefits as of December 31, 2020. The Company records interest and penalties relating to unrecognized tax benefits, if any, as interest expense. As of December 31, 2020, the tax years 2017 through and including 2020 remain open to examination by the Internal Revenue Service. There are currently no federal tax examinations in progress.

Reclassifications

Certain amounts in the consolidated financial statements for the prior years have been reclassified to conform to the financial statement presentation for the current year.

Recently Adopted Accounting Pronouncements

Adopted 2020

In June 2016, the FASB issued ASU No. 2016-13, "Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments." ASU 2016-13 requires that entities use a new forward looking "expected loss" model that generally will result in the earlier recognition of allowance for credit losses. The measurement of expected credit losses is based upon historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amount. ASU No. 2016-13 is effective for annual reporting periods, including interim reporting periods within those periods, beginning after December 15, 2019. As of January 1, 2020, we adopted the fair value option for our notes receivable and there was not a material impact. As of December 31, 2020 and 2019, the Company had notes receivable of \$43.4 million and \$35.7 million, net the fair value adjustment of \$0.9 million and \$0.7 million, respectively. Notes receivable are presented as a component of

Notes and Other Receivables, net on our Consolidated Balance Sheets. These receivables represent balances owed to us for previously completed performance obligations for sales of manufactured homes.

In August 2018, the FASB issued ASU No. 2018-13, “Disclosure Framework — Changes to the Disclosure Requirements for Fair Value Measurement” which removes, modifies, and adds certain disclosure requirements related to fair value measurements in ASC 820. This guidance is effective for public companies for fiscal years beginning after December 15, 2019, including interim periods within that year. The Company adopted this standard effective with its financial statements for the quarter ended March 31, 2020, and it did not have a material impact on its fair value disclosures.

Other Recent Accounting Pronouncements

Management does not believe that any other recently issued, but not yet effective accounting pronouncements, if adopted, would have a material effect on the accompanying Consolidated Financial Statements.

NOTE 3 – INVESTMENT PROPERTY AND EQUIPMENT

Acquisitions in 2020

On July 24, 2020, the Company acquired Camelot Woods, located in Altoona, Pennsylvania, for approximately \$3.3 million. This all-age community contains a total of 147 developed homesites that are situated on approximately 27 total acres. At the date of acquisition, the average occupancy for this community was approximately 56%.

On September 21, 2020, the Company acquired Lake Erie Estates, located in Fredonia, New York, for approximately \$4.5 million. This community contains a total of 163 developed homesites that are situated on approximately 21 total acres. At the date of acquisition, the average occupancy for this community was approximately 71%. In conjunction with this acquisition, the Company assumed a mortgage of approximately \$2.7 million on this property (See Note 5).

Acquisitions in 2019

On July 3, 2019, the Company acquired Friendly Village, located in Perrysburg, Ohio, for approximately \$19.4 million. This all-age community contains a total of 824 developed homesites that are situated on approximately 101 total acres. At the date of acquisition, the average occupancy for this community was approximately 46%. In conjunction with this acquisition, the Company assumed a mortgage of approximately \$7.3 million on this property (See Note 5).

On July 30, 2019, the Company acquired two communities, New Colony located in West Mifflin, Pennsylvania and 51 Estates, located in Elizabeth, Pennsylvania, for a total purchase price of approximately \$11.7 million. These communities contain a total of 285 developed homesites that are situated on approximately 61 acres. At the date of acquisition, the average occupancy for these communities was approximately 76%.

On August 27, 2019, the Company acquired Northtowne Meadows, located in Erie, Michigan, for approximately \$25.2 million. This community contains a total of 386 developed homesites that are situated on approximately 85 total acres. At the date of acquisition, the average occupancy for this community was approximately 88%. In conjunction with this acquisition, the Company assumed a mortgage of approximately \$12.1 million on this property (See Note 5).

The Company has evaluated these acquisitions and has determined that they should be accounted for as acquisitions of assets. As such, we have allocated the total cash consideration, including transaction costs of approximately \$2.7 million for 2020, to the individual assets acquired on a relative fair value basis. The following table summarizes our purchase price allocation for the assets acquired for the years ended December 31, 2020 and 2019, respectively (*in thousands*):

| | <u>2020 Acquisitions</u> | <u>2019 Acquisitions</u> |
|------------------------------|--------------------------|--------------------------|
| Assets Acquired: | | |
| Land | \$ 906 | \$ 4,296 |
| Depreciable Property | 9,558 | 53,909 |
| Notes Receivable and Other | -0- | 127 |
| Total Assets Acquired | <u>\$ 10,464</u> | <u>\$ 58,332</u> |

Total Income, Community Net Operating Income (“Community NOI”)* and Net Income (Loss) for communities acquired in 2020 and 2019, which are included in our Consolidated Statements of Income (Loss) for the years ended December 31, 2020 and 2019, are as follows (*in thousands*):

| | <u>2020 Acquisitions</u> | <u>2019 Acquisitions</u> | |
|-------------------|--------------------------|--------------------------|-----------------|
| | <u>2020</u> | <u>2020</u> | <u>2019</u> |
| Total Income | <u>\$ 373</u> | <u>\$ 5,845</u> | <u>\$ 2,308</u> |
| Community NOI * | <u>\$ 158</u> | <u>\$ 3,126</u> | <u>\$ 1,347</u> |
| Net Income (Loss) | <u>\$ (73)</u> | <u>\$ (609)</u> | <u>\$ (205)</u> |

*Community NOI is defined as rental and related income less community operating expenses.

See Note 5 for additional information relating to Loans and Mortgages Payable and Note 16 for the Unaudited Pro Forma Financial Information relating to these acquisitions.

Accumulated Depreciation

The following is a summary of accumulated depreciation by major classes of assets (*in thousands*):

| | <u>December 31, 2020</u> | <u>December 31, 2019</u> |
|--------------------------------|--------------------------|--------------------------|
| Site and Land Improvements | \$ 175,219 | \$ 152,456 |
| Buildings and Improvements | 8,860 | 7,720 |
| Rental Homes and Accessories | 71,112 | 56,808 |
| Equipment and Vehicles | 17,632 | 15,799 |
| Total Accumulated Depreciation | <u>\$ 272,823</u> | <u>\$ 232,783</u> |

NOTE 4 – MARKETABLE SECURITIES

The Company’s marketable securities primarily consist of common and preferred stock of other REITs. The Company does not own more than 10% of the outstanding shares of any of these securities, nor does it have controlling financial interest. The Company generally limits its investment in marketable securities to no more than approximately 15% of its undepreciated assets. The REIT securities portfolio provides the Company with additional liquidity and additional income and serves as a proxy for real estate when more favorable risk adjusted returns are not available.

The following is a listing of marketable securities at December 31, 2020 (*in thousands*):

| | <u>Series</u> | <u>Interest Rate</u> | <u>Number of Shares</u> | <u>Cost</u> | <u>Market Value</u> |
|--|---------------|----------------------|-------------------------|------------------|---------------------|
| Equity Securities: | | | | | |
| Preferred Stock: | | | | | |
| CBL & Associates Properties, Inc. | D | 7.375% | 2 | \$ 50 | \$ 2 |
| CBL & Associates Properties, Inc. | E | 6.625% | 63 | 1,487 | 50 |
| Cedar Realty Trust, Inc. | B | 7.250% | 10 | 219 | 206 |
| Cedar Realty Trust, Inc. | C | 6.500% | 20 | 494 | 428 |
| Colony Capital Inc. | I | 7.150% | 20 | 500 | 472 |
| Investors Real Estate Trust | C | 6.625% | 20 | 500 | 520 |
| Pennsylvania Real Estate Investment Trust | B | 7.375% | 40 | 1,000 | 404 |
| Pennsylvania Real Estate Investment Trust | D | 6.875% | 20 | 498 | 206 |
| Urstadt Biddle Properties, Inc. | H | 6.250% | 13 | 313 | 313 |
| Total Preferred Stock | | | | <u>5,061</u> | <u>2,601</u> |
| Common Stock: | | | | | |
| CBL & Associates Properties, Inc. | | | 1,600 | 16,692 | 66 |
| Diversified Healthcare Trust | | | 171 | 2,920 | 704 |
| Five Star Senior Living | | | 12 | 45 | 80 |
| Franklin Street Properties Corporation | | | 220 | 2,219 | 961 |
| Industrial Logistics Properties Trust | | | 502 | 9,951 | 11,698 |
| Kimco Realty Corporation | | | 910 | 17,052 | 13,659 |
| Monmouth Real Estate Investment Corporation ⁽¹⁾ | | | 2,655 | 25,031 | 45,982 |
| Office Properties Income Trust | | | 562 | 36,418 | 12,757 |
| Pennsylvania Real Estate Investment Trust | | | 222 | 2,316 | 222 |
| Tanger Factory Outlet | | | 180 | 4,229 | 1,793 |
| Urstadt Biddle Properties, Inc. | | | 100 | 2,049 | 1,413 |
| Vereit, Inc. | | | 282 | 12,059 | 10,657 |
| Washington Prime Group | | | 89 | 6,489 | 579 |
| Total Common Stock | | | | <u>137,470</u> | <u>100,571</u> |
| Total Marketable Securities | | | | <u>\$142,531</u> | <u>\$103,172</u> |

(1) Related entity – See Note 8.

The following is a listing of marketable securities at December 31, 2019 (*in thousands*):

| | <u>Series</u> | <u>Interest Rate</u> | <u>Number of Shares</u> | <u>Cost</u> | <u>Market Value</u> |
|--|---------------|----------------------|-------------------------|------------------|---------------------|
| Equity Securities: | | | | | |
| Preferred Stock: | | | | | |
| CBL & Associates Properties, Inc. | D | 7.375% | 2 | \$ 50 | \$ 10 |
| CBL & Associates Properties, Inc. | E | 6.625% | 63 | 1,487 | 294 |
| Cedar Realty Trust, Inc. | B | 7.250% | 9 | 203 | 219 |
| Cedar Realty Trust, Inc. | C | 6.500% | 20 | 494 | 464 |
| Colony Capital Inc. | I | 7.150% | 20 | 500 | 483 |
| Investors Real Estate Trust | C | 6.625% | 20 | 500 | 525 |
| Pennsylvania Real Estate Investment Trust | B | 7.375% | 40 | 1,000 | 802 |
| Pennsylvania Real Estate Investment Trust | D | 6.875% | 20 | 498 | 386 |
| Urstadt Biddle Properties, Inc. | H | 6.250% | 13 | 313 | 333 |
| Total Preferred Stock | | | | <u>5,045</u> | <u>3,516</u> |
| Common Stock: | | | | | |
| CBL & Associates Properties, Inc. | | | 1,600 | 16,692 | 1,680 |
| Diversified Healthcare Trust | | | 171 | 2,920 | 1,443 |
| Franklin Street Properties Corporation | | | 220 | 2,219 | 1,883 |
| Industrial Logistics Properties Trust | | | 502 | 9,951 | 11,261 |
| Kimco Realty Corporation | | | 910 | 17,052 | 18,846 |
| Monmouth Real Estate Investment Corporation ⁽¹⁾ | | | 2,573 | 23,987 | 37,251 |
| Office Properties Income Trust | | | 562 | 36,418 | 18,047 |
| Pennsylvania Real Estate Investment Trust | | | 222 | 2,316 | 1,183 |
| Tanger Factory Outlet | | | 180 | 4,229 | 2,651 |
| Urstadt Biddle Properties, Inc. | | | 100 | 2,049 | 2,484 |
| Vereit, Inc. | | | 1,410 | 12,059 | 13,029 |
| Washington Prime Group | | | 800 | 6,489 | 2,912 |
| Total Common Stock | | | | <u>136,381</u> | <u>112,670</u> |
| Total Marketable Securities | | | | <u>\$141,426</u> | <u>\$116,186</u> |

(1) Related entity – See Note 8.

On January 1, 2018, the Company adopted ASU 2016-01, which requires changes in the fair value of our marketable securities to be recorded in current period earnings. Previously, changes in the fair value of marketable securities were recognized in "Accumulated Other Comprehensive Income" on our Consolidated Balance Sheets. As a result, on January 1, 2018 the Company recorded an increase to beginning undistributed income (accumulated deficit) of \$11.5 million to recognize the unrealized gains previously recorded in "Accumulated Other Comprehensive Income" on our Consolidated Balance Sheets. Subsequent changes in the fair value of the Company's marketable securities are recorded in Increase (Decrease) in Fair Value of Marketable Securities on our Consolidated Statements of Income (Loss).

The Company normally holds REIT securities long term and has the ability and intent to hold securities to recovery. As of December 31, 2020, 2019 and 2018, the securities portfolio had net unrealized holding losses of \$39.4 million, \$25.2 million and \$40.2 million, respectively.

The Company had margin loan balances of \$17.6 million and \$37.5 million at December 31, 2020 and 2019, respectively, which were collateralized by the Company's securities portfolio.

NOTE 5 – LOANS AND MORTGAGES PAYABLE

Loans Payable

The Company may purchase securities on margin. The interest rates charged on the margin loans at December 31, 2020 and 2019 was 0.75% and 2.25%, respectively. These margin loans are due on demand. At December 31, 2020 and 2019, the margin loans amounted to \$17.6 million and \$37.5 million, respectively, and are collateralized by the Company's securities portfolio. The Company must maintain a coverage ratio of approximately 2 times.

The Company has revolving credit agreements totaling \$28.5 million with 21st Mortgage Corporation ("21st Mortgage"), Customers Bank and Northpoint Commercial Finance to finance inventory purchases. Interest rates on these agreements range from 4.15% to prime with a minimum of 6%. As of December 31, 2020 and 2019, the total amount outstanding on these lines was \$13.1 million and \$19.3 million, respectively, with a weighted average interest rate of 4.44% and 5.87%, respectively.

In June 2020, the Company expanded its revolving line of credit with OceanFirst Bank ("OceanFirst Line") from \$15 million to \$20 million. This line is secured by the Company's eligible notes receivable. Interest was reduced from prime plus 25 basis points to prime with a floor of 3.25%. The amendment also extended the maturity date from June 1, 2020 to June 1, 2022, with a one year extension at the Bank's option. As of December 31, 2020 and 2019, the amount outstanding on this revolving line of credit was \$6 million and \$10 million, respectively, and the interest rate was 3.25% and 5.0%, respectively.

The Company has an agreement with 21st Mortgage to finance the Company's purchase of rental units. These loans are at an interest rate of 6.99%, with an origination fee of 2% on new units and 3% on existing units. These loans will have a 10-year term from the date of the borrowing. The Company repaid this loan on September 21, 2020. The amount outstanding on this loan was \$322,000 as of December 31, 2019.

On October 7, 2020, the Company entered into a revolving line of credit with FirstBank secured by rental homes and rental home leases in several of our manufactured home communities. This facility allows for proceeds of \$20 million and is expandable to \$30 million with an accordion feature. The facility has a maturity date of November 29, 2022, with a one-year extension available at the Company's option. Interest is payable at prime plus 25 basis points with a floor of 3.5%. As of December 31, 2020, the amount outstanding on this revolving line of credit was \$5 million and the interest rate was 3.5%.

The Company also has \$658,000 in automotive loans with a weighted average interest rate of 4.22%.

Unsecured Line of Credit

On November 29, 2018, UMH Properties, Inc. ("UMH" or the "Company") entered into a First Amendment to Amended and Restated Credit Agreement (the "Amendment") to expand and extend its existing unsecured revolving credit facility (the "Facility"). The Facility is syndicated with two banks led by BMO Capital Markets Corp. ("BMO"), as sole lead arranger and sole book runner, with Bank of Montreal as administrative agent, and includes JPMorgan Chase Bank, N.A. ("J.P. Morgan") as the sole syndication agent. The Amendment provides for an increase from \$50 million in available borrowings to \$75 million in available borrowings with a \$50 million accordion feature, bringing the total potential availability up to \$125 million, subject to certain conditions including obtaining commitments from additional lenders. The Amendment also extends the maturity date of the Facility from March 27, 2020 to November 29, 2022, with a one-year extension available at the Company's option, subject to certain conditions including payment of an extension fee. Availability under the Facility is limited to 60% of the value of the unencumbered communities which the Company has placed in the Facility's unencumbered asset pool ("Borrowing Base"). The Amendment increased the value of the Borrowing Base communities by reducing the capitalization rate applied to the Net Operating Income ("NOI") generated by the communities in the Borrowing Base from 7.5% to 7.0%. Subsequent to year end, the capitalization rate was further reduced from 7.0% to 6.5% (see Note 15).

Interest rates on borrowings are based on the Company's overall leverage ratio and decreased from LIBOR plus 1.75% to 2.50% or BMO's prime lending rate plus 0.75% to 1.50%, at the Company's option, to LIBOR plus 1.50% to 2.20%, or BMO's prime lending rate plus 0.50% to 1.20%. Based on the Company's current leverage ratio,

borrowings under the Facility will bear interest at LIBOR plus 1.60% or at BMO's prime lending rate plus 0.60%, which results in an interest rate of 1.65% at December 31, 2020.

As of December 31, 2020 and 2019, the amount outstanding under this Facility was \$45 million and \$15 million, respectively.

The aggregate principal payments of all loans payable, including the Credit Facility, are scheduled as follows (*in thousands*):

| | |
|--|------------------|
| Year Ended December 31, | |
| 2021 | \$ 31,121 |
| 2022 | 56,228 |
| 2023 | 4 |
| 2024 | -0- |
| 2025 | -0- |
| Thereafter | <u>-0-</u> |
| Total Loans Payable | 87,353 |
| Unamortized Debt Issuance Costs | <u>(344)</u> |
| Total Loans Payable, net of Unamortized Debt Issuance Costs | <u>\$ 87,009</u> |

Mortgages Payable

Mortgages Payable represents the principal amounts outstanding, net of unamortized debt issuance costs. Interest is payable on these mortgages at fixed rates ranging from 2.62% to 6.5%. The weighted average interest rate was 3.9% and 4.2% as of December 31, 2020 and 2019, respectively, including the effect of unamortized debt issuance costs. The weighted average interest rate as of December 31, 2020 was 3.8%, compared to 4.1% as of December 31, 2019, not including the effect of unamortized debt issuance costs. The weighted average loan maturity of the Mortgage Notes Payable was 6.0 years at both December 31, 2020 and 2019, respectively.

The following is a summary of mortgages payable at December 31, 2020 and 2019 (*in thousands*):

| Property | At December 31, 2020 | | Balance at December 31, | |
|--|-----------------------------|----------------------|--------------------------------|-------------|
| | Due Date | Interest Rate | 2020 | 2019 |
| Allentown | 10/01/25 | 4.06% | \$12,587 | \$12,865 |
| Brookview Village | 04/01/25 | 3.92% | 2,603 | 2,664 |
| Candlewick Court | 09/01/25 | 4.10% | 4,201 | 4,294 |
| Catalina | 08/19/25 | 4.20% | 4,853 | 5,095 |
| Cedarcrest Village | 04/01/25 | 3.71% | 11,238 | 11,510 |
| Clinton Mobile Home Resort | 10/01/25 | 4.06% | 3,303 | 3,376 |
| Cranberry Village | 04/01/25 | 3.92% | 7,139 | 7,305 |
| D & R Village | 03/01/25 | 3.85% | 7,191 | 7,362 |
| Fairview Manor | 11/01/26 | 3.85% | 15,076 | 15,399 |
| Forest Park Village | 09/01/25 | 4.10% | 7,833 | 8,006 |
| Friendly Village | 05/06/23 | 4.618% | 6,906 | 7,150 |
| Hayden Heights | 04/01/25 | 3.92% | 1,962 | 2,007 |
| Highland Estates | 06/01/27 | 4.12% | 15,744 | 16,054 |
| Holiday Village | 09/01/25 | 4.10% | 7,454 | 7,619 |
| Holiday Village- IN | 11/01/25 | 3.96% | 7,998 | 8,176 |
| Holly Acres Estates | 10/05/21 | 6.50% | 2,077 | 2,119 |
| Kinnebrook Village | 04/01/25 | 3.92% | 3,792 | 3,881 |
| Lake Erie Estates | 07/06/25 | 5.16% | 2,657 | -0- |
| Lake Sherman Village | 09/01/25 | 4.10% | 5,180 | 5,294 |
| Meadows of Perrysburg | 10/06/23 | 5.413% | 2,888 | 2,946 |
| Northtowne Meadows | 09/06/26 | 4.45% | 11,818 | 12,049 |
| Olmsted Falls | 04/01/25 | 3.98% | 1,962 | 2,007 |
| Oxford Village | 07/01/29 | 3.41% | 15,301 | 15,604 |
| Perrysburg Estates | 09/06/25 | 4.98% | 1,558 | 1,587 |
| Pikewood Manor | 11/29/28 | 5.00% | 14,103 | 14,420 |
| Shady Hills | 04/01/25 | 3.92% | 4,677 | 4,786 |
| Springfield Meadows | 10/06/25 | 4.83% | 2,975 | 3,033 |
| Suburban Estates | 10/01/25 | 4.06% | 5,248 | 5,364 |
| Sunny Acres | 10/01/25 | 4.06% | 5,842 | 5,971 |
| Trailmont | 04/01/25 | 3.92% | 3,118 | 3,191 |
| Twin Oaks | 10/01/29 | 3.37% | 5,930 | 6,047 |
| Valley Hills | 06/01/26 | 4.32% | 3,220 | 3,285 |
| Waterfalls | 06/01/26 | 4.38% | 4,386 | 4,474 |
| Weatherly Estates | 04/01/25 | 3.92% | 7,607 | 7,785 |
| Wellington Estates | 01/01/23 | 6.35% | 2,263 | 2,316 |
| Woods Edge | 01/07/26 | 4.30% | 5,940 | 6,214 |
| Worthington Arms | 09/01/25 | 4.10% | 8,783 | 8,976 |
| Various (2 properties) | 02/01/27 | 4.56% | 13,335 | 13,583 |
| Various (2 properties) | 08/01/28 | 4.27% | 12,902 | 13,132 |
| Various (2 properties) | 07/01/29 | 3.41% | 22,368 | 22,810 |
| Various (4 properties) | 07/01/23 | 4.975% | 7,596 | 7,765 |
| Various (5 properties) | 01/01/22 | 4.25% | 12,694 | 13,061 |
| Various (5 properties) | 12/06/22 | 4.75% | 6,692 | 6,853 |
| Various (6 properties) | 08/01/27 | 4.18% | 12,581 | 12,829 |
| Various (13 properties) | 03/01/23 | 4.065% | 45,588 | 46,781 |
| Various (28 properties) | 09/01/30 | 2.62% | 105,221 | -0- |
| Total Mortgages Payable | | | 476,390 | 377,045 |
| Unamortized Debt Issuance Costs | | | (7,111) | (3,387) |
| Total Mortgages Payable, net of Unamortized Debt Issuance Costs | | | \$469,279 | \$373,658 |

At December 31, 2020 and 2019, mortgages were collateralized by real property with a carrying value of \$932.5 million and \$695.5 million, respectively, before accumulated depreciation and amortization. Interest costs amounting to \$1.3 million, \$1.5 million and \$1.0 million were capitalized during 2020, 2019 and 2018, respectively, in connection with the Company's expansion program. At December 31, 2020, the Company owned 124 communities of which 20 are unencumbered.

Recent Transactions

During the year ended December 31, 2020

On August 20, 2020, the Company completed the financing of 28 of its unencumbered communities, containing approximately 4,100 sites, through Wells Fargo Bank, N. A. for total proceeds of approximately \$106 million. This Federal National Mortgage Association ("Fannie Mae") credit facility has a 10-year maturity with a 30-year amortization schedule. Interest is at a fixed rate of 2.62%.

On September 21, 2020, the Company assumed a mortgage loan with a balance of approximately \$2.7 million, in conjunction with its acquisition of Lake Erie Estates in Fredonia, New York. The interest rate on this mortgage is fixed at 5.16%. This mortgage matures on July 6, 2025.

During the year ended December 31, 2019

On July 1, 2019, the Company obtained two Fannie Mae mortgages totaling \$38.8 million through Wells Fargo Bank, N.A. ("Wells Fargo") on Oxford Village, Southwind Village and Woodlawn Village. The interest rate on these mortgages are fixed at 3.41%. These mortgages mature on July 1, 2029, with principal repayments based on a 30-year amortization schedule. Proceeds from these mortgages were used to repay the existing Oxford Village and Southwind Village mortgages of approximately \$11.5 million, which had a weighted average interest rate of 5.94%.

On July 3, 2019, the Company assumed a mortgage loan with a balance of approximately \$7.3 million, in conjunction with its acquisition of Friendly Village. The interest rate on this mortgage is fixed at 4.6175%. This mortgage matures on May 6, 2023.

On August 27, 2019, the Company assumed a mortgage loan with a balance of approximately \$12.1 million, in conjunction with its acquisition of Northtowne Meadows. The interest rate on this mortgage is fixed at 4.45%. This mortgage matures on September 6, 2026.

On September 30, 2019, the Company obtained a \$6.1 million Fannie Mae mortgage through Wells Fargo on Twin Oaks I & II. The interest rate on this mortgage is fixed at 3.37%. This mortgage matures on October 1, 2029, with principal repayments based on a 30-year amortization schedule. Proceeds from this mortgage were used to repay the existing Twin Oaks I & II mortgage of approximately \$2.3 million, which had an interest rate of 5.75%.

The aggregate principal payments of all mortgages payable are scheduled as follows (*in thousands*):

| | |
|-------------------------|-------------------|
| Year Ended December 31, | |
| 2021 | \$ 25,668 |
| 2022 | 17,670 |
| 2023 | 71,169 |
| 2024 | 9,983 |
| 2025 | 139,105 |
| Thereafter | <u>212,795</u> |
| Total | <u>\$ 476,390</u> |

NOTE 6 – STOCK COMPENSATION PLAN

On June 13, 2013, the shareholders approved and ratified the Company's 2013 Stock Option and Stock Award Plan (the "2013 Plan") authorizing the grant of stock options or restricted stock awards to directors, officers and key employees of options to purchase up to 3 million shares of common stock. The 2013 Plan replaced the Company's

2003 Stock Option Plan (the “2003 Plan”), which, pursuant to its terms, terminated in 2013. The outstanding options under the 2003 Stock Option and Award Plan, as amended, remain outstanding until exercised, forfeited or expired.

On June 14, 2018, the shareholders approved and ratified an amendment and restatement (and renaming) of the Company's Amended and Restated 2013 Incentive Award Plan (formerly 2013 Stock Option and Stock Award Plan). The amendment and restatement made two substantive changes: (1) provide an additional 2 million common shares for future grant of option awards, restricted stock awards, or other stock-based awards; and (2) allow for the issuance of other stock-based awards.

The Compensation Committee has the exclusive authority to administer and construe the 2013 Plan and shall determine, among other things: persons eligible for awards and who shall receive them; the terms and conditions of the awards; the time or times and conditions subject to which awards may become vested, deliverable, exercisable, or as to which any may apply, be accelerated or lapse; and amend or modify the terms and conditions of an award with the consent of the participant.

Generally, the term of any stock option may not be more than 10 years from the date of grant. The option price may not be below the fair market value at date of grant. If and to the extent that an award made under the 2013 Plan is forfeited, terminated, expires or is canceled unexercised, the number of shares associated with the forfeited, terminated, expired or canceled portion of the award shall again become available for additional awards under the 2013 Plan.

The Company accounts for stock options and restricted stock in accordance with ASC 718-10, Compensation-Stock Compensation. ASC 718-10 requires that compensation cost for all stock awards be calculated and amortized over the service period (generally equal to the vesting period).

Stock Options

During the year ended December 31, 2020, forty one employees were granted options to purchase a total of 715,000 shares. During the year ended December 31, 2019, forty one employees were granted options to purchase a total of 644,000 shares. During the year ended December 31, 2018, forty employees were granted options to purchase a total of 605,000 shares. The fair value of these options for the years ended December 31, 2020, 2019 and 2018 was approximately \$686,000, \$1.1 million and \$1.2 million, respectively, based on assumptions noted below and is being amortized over the vesting period. The remaining unamortized stock option expense was \$500,000 as of December 31, 2020, which will be expensed ratably through 2025.

The Company calculates the fair value of each option grant on the grant date using the Black-Scholes option-pricing model which requires the Company to provide certain inputs, as follows:

- The assumed dividend yield is based on the Company’s expectation of an annual dividend rate for regular dividends over the estimated life of the option.
- Expected volatility is based on the historical volatility of the Company’s stock over a period relevant to the related stock option grant.
- The risk-free interest rate utilized is the interest rate on U.S. Government Bonds and Notes having the same life as the estimated life of the Company’s option awards.
- Expected life of the options granted is estimated based on historical data reflecting actual hold periods.
- Estimated forfeiture is based on historical data reflecting actual forfeitures.

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions used for grants in the following years:

| | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|-------------------------|-------------|-------------|-------------|
| Dividend yield | 5.33% | 5.13% | 4.79% |
| Expected volatility | 24.57% | 24.04% | 25.78% |
| Risk-free interest rate | 0.89% | 2.50% | 2.74% |
| Expected lives | 10 | 10 | 10 |
| Estimated forfeitures | -0- | -0- | -0- |

During the year ended December 31, 2020, options to ten employees to purchase a total of 62,500 shares were exercised. During the year ended December 31, 2019, options to sixteen employees to purchase a total of 240,000 shares were exercised. During the year ended December 31, 2018, options to eight employees to purchase a total of 129,000 shares were exercised. During the year ended December 31, 2020, options to two employees to purchase a total of 23,000 shares were forfeited or expired. During the year ended December 31, 2019, options to one employee to purchase a total of 20,000 shares were forfeited. During the year ended December 31, 2018, options to one employee to purchase a total of 2,000 shares were forfeited.

A summary of the status of the Company's stock option plans as of December 31, 2020, 2019 and 2018 and changes during the years then ended are as follows (*in thousands*):

| | <u>2020</u> | | <u>2019</u> | | <u>2018</u> | |
|--|---------------|--|---------------|--|---------------|--|
| | <u>Shares</u> | <u>Weighted-Average Exercise Price</u> | <u>Shares</u> | <u>Weighted-Average Exercise Price</u> | <u>Shares</u> | <u>Weighted-Average Exercise Price</u> |
| Outstanding at beginning of year | 2,637 | \$12.05 | 2,253 | \$12.09 | 1,778 | \$11.60 |
| Granted | 715 | 9.84 | 644 | 13.67 | 605 | 13.26 |
| Exercised | (63) | 10.55 | (240) | 10.84 | (129) | 10.78 |
| Forfeited | (11) | 11.65 | (20) | 13.50 | (1) | 12.41 |
| Expired | <u>(12)</u> | 11.29 | <u>-0-</u> | -0- | <u>-0-</u> | -0- |
| Outstanding at end of year | <u>3,266</u> | 12.03 | <u>2,637</u> | 12.05 | <u>2,253</u> | 12.09 |
| Options exercisable at end of year | <u>2,556</u> | | <u>1,196</u> | | <u>1,648</u> | |
| Weighted average fair value of options granted during the year | | <u>\$0.96</u> | | <u>\$1.72</u> | | <u>\$2.05</u> |

The following is a summary of stock options outstanding as of December 31, 2020 (*in thousands*):

| Date of Grant | Number of Employees | Number of Shares | Option Price | Expiration Date |
|----------------------|----------------------------|-------------------------|---------------------|------------------------|
| 06/26/13 | 7 | 148 | 10.08 | 06/26/21 |
| 06/11/14 | 7 | 142 | 9.85 | 06/11/22 |
| 06/24/15 | 8 | 240 | 9.82 | 06/24/23 |
| 04/05/16 | 12 | 297 | 9.77 | 04/05/24 |
| 01/19/17 | 2 | 60 | 14.25 | 01/19/27 |
| 04/04/17 | 31 | 504 | 15.04 | 04/04/27 |
| 04/02/18 | 31 | 470 | 13.09 | 04/02/28 |
| 07/09/18 | 4 | 40 | 15.75 | 07/09/28 |
| 12/10/18 | 1 | 25 | 12.94 | 12/10/28 |
| 01/02/19 | 2 | 60 | 11.42 | 01/02/29 |
| 04/02/19 | 36 | 570 | 13.90 | 04/02/29 |
| 01/17/20 | 1 | 10 * | 16.37 | 01/17/30 |
| 03/25/20 | 39 | 685 * | 9.70 | 03/25/30 |
| 05/20/20 | 2 | 15 * | 11.80 | 05/20/30 |
| | | 3,266 | | |

* Unexercisable

The aggregate intrinsic value is calculated as the difference between the exercise price of the underlying awards and the quoted price of the Company's common stock for the options that were in-the-money. The aggregate intrinsic value of options outstanding as of December 31, 2020, 2019 and 2018 was \$9.3 million, \$8.3 million and \$2.0 million, respectively, of which \$5.7 million, \$6.9 million and \$2.0 million relate to options exercisable. The intrinsic value of options exercised in 2020, 2019 and 2018 was \$283,000, \$914,000 and \$510,000, respectively, determined as of the date of option exercise. The weighted average remaining contractual term of the above options was 9.9, 9.1 and 7.9 years as of December 31, 2020, 2019 and 2018, respectively. For the years ended December 31, 2020, 2019 and 2018, amounts charged to stock compensation expense relating to stock option grants, which is included in General and Administrative Expenses, totaled \$396,000, \$1.2 million and \$1.1 million, respectively.

Restricted Stock

On January 8, 2020, the Company awarded a total of 15,000 shares of restricted stock to three employees. On October 23, 2020, the Company awarded a total of 19,700 shares of restricted stock to two participants, pursuant to their employment agreements. On April 2, 2019, the Company awarded a total of 118,000 shares of restricted stock to two participants, pursuant to their employment agreements. On April 2, 2018, the Company awarded a total of 45,000 shares of restricted stock to two participants, pursuant to their employment agreements. During 2018, the Company also awarded 2,000 shares of restricted stock to our ten directors as additional directors' fees. The grant date fair value of restricted stock grants awarded to participants was \$512,000, \$1.6 million and \$616,000 for the years ended December 31, 2020, 2019 and 2018, respectively. These grants primarily vest in equal installments over five years. As of December 31, 2020, there remained a total of \$2.0 million of unrecognized restricted stock compensation related to outstanding non-vested restricted stock grants awarded and outstanding at that date. Restricted stock compensation is expected to be expensed over a remaining weighted average period of 3.5 years. For the years ended December 31, 2020, 2019 and 2018, amounts charged to stock compensation expense related to restricted stock grants, which is included in General and Administrative Expenses, totaled \$931,000, \$723,000 and \$498,000, respectively.

A summary of the status of the Company's non-vested restricted stock awards as of December 31, 2020, 2019 and 2018, and changes during the year ended December 31, 2020, 2019 and 2018 are presented below (*in thousands*):

| | 2020 | | 2019 | | 2018 | |
|---------------------------------|---------------|---|---------------|---|---------------|---|
| | <u>Shares</u> | <u>Weighted-Average Grant Date Fair Value</u> | <u>Shares</u> | <u>Weighted-Average Grant Date Fair Value</u> | <u>Shares</u> | <u>Weighted-Average Grant Date Fair Value</u> |
| Non-vested at beginning of year | 238 | \$13.33 | 161 | \$12.44 | 147 | \$11.98 |
| Granted | 35 | 14.75 | 118 | 11.12 | 47 | 13.11 |
| Dividend Reinvested Shares | 11 | 12.91 | 11 | 13.51 | 8 | 13.37 |
| Vested | <u>(72)</u> | <u>12.87</u> | <u>(52)</u> | <u>5.69</u> | <u>(41)</u> | <u>11.76</u> |
| Non-vested at end of year | <u>212</u> | <u>\$13.69</u> | <u>238</u> | <u>\$13.33</u> | <u>161</u> | <u>\$12.44</u> |

Other Stock-Based Awards

Effective June 20, 2018, a portion of our quarterly directors' fee was paid with our unrestricted common stock. During 2020, 11,000 unrestricted shares of common stock were granted with a weighted average fair value on the grant date of \$16.13 per share. During 2019, 4,000 unrestricted shares of common stock were granted with a weighted average fair value on the grant date of \$13.52 per share. During 2018, 2,000 unrestricted shares of common stock were granted with a weighted average fair value on the grant date of \$15.13 per share.

As of December 31, 2020, there were 458,000 shares available for grant as stock options, restricted stock or other stock-based awards under the 2013 Plan.

NOTE 7 – 401(k) PLAN

All full-time employees who are over 21 years old are eligible for the Company's 401(k) Plan ("Plan"). Under this Plan, an employee may elect to defer his/her compensation, subject to certain maximum amounts, and have it contributed to the Plan. Employer contributions to the Plan are at the discretion of the Company. During 2020, 2019 and 2018, the Company made matching contributions to the Plan of up to 100% of the first 3% of employee salary and 50% of the next 2% of employee salary. The total expense relating to the Plan, including matching contributions amounted to \$1.1 million, \$376,000 and \$344,000 in 2020, 2019 and 2018, respectively.

NOTE 8 – RELATED PARTY TRANSACTIONS AND OTHER MATTERS

Transactions with Monmouth Real Estate Investment Corporation

There are four Directors of the Company who are also Directors and shareholders of MREIC. The Company holds common stock of MREIC in its securities portfolio. As of December 31, 2020, the Company owned a total of 2.7 million shares of MREIC common stock, representing 2.7% of the total shares outstanding at December 31, 2020 (See Note 4). The Company shares one officer (Chairman of the Board) with MREIC.

Employment Agreements and Compensation

The Company has three-year employment agreements with Mr. Eugene W. Landy, Mr. Samuel A. Landy and Ms. Anna T. Chew. The agreements provide for base compensation aggregating approximating \$1.4 million. In addition, the agreements call for incentive bonuses, and an extension of services and severance payments upon certain future events, such as a change in control.

Other Matters

Mr. Eugene W. Landy, the Founder and Chairman of the Board of Directors of the Company, owns a 24% interest in the entity that is the landlord of the property where the Company's corporate office space is located. On October 1, 2019, the Company entered into a new lease for its executive offices in Freehold, New Jersey which combines the existing corporate office space with additional adjacent office space. This new lease extends our existing lease through April 30, 2027 and requires monthly lease payments of \$23,098 through April 30, 2022 and \$23,302 from May 1, 2022 through April 30, 2027. The Company is also responsible for its proportionate share of real estate taxes and common area maintenance. Management believes that the aforesaid rents are no more than what the Company would pay for comparable space elsewhere.

NOTE 9 – SHAREHOLDERS' EQUITY

Common Stock

The Company has a Dividend Reinvestment and Stock Purchase Plan ("DRIP"), as amended. Under the terms of the DRIP, shareholders who participate may reinvest all or part of their dividends in additional shares of the Company at a discounted price (approximately 95% of market value) directly from the Company, from authorized but unissued shares of the Company common stock. Shareholders may also purchase additional shares at this discounted price by making optional cash payments monthly. Optional cash payments must be not less than \$500 per payment nor more than \$1,000 unless a request for waiver has been accepted by the Company. On January 15, 2020, the Company increased the monthly maximum for the purchase of shares for cash under its DRIP from \$1,000 to \$5,000. Effective February 11, 2021, the Company reduced the monthly maximum from \$5,000 to \$1,000.

Amounts received in connection with the DRIP for the years ended December 31, 2020, 2019 and 2018 were as follows (*in thousands*):

| | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|----------------------------|----------------|-----------------|-----------------|
| Amounts Received | \$9,154 | \$31,503 | \$35,114 |
| Less: Dividends Reinvested | (3,151) | (7,705) | (5,076) |
| Amounts Received, net | <u>\$6,003</u> | <u>\$23,798</u> | <u>\$30,038</u> |
| | | | |
| Number of Shares Issued | <u>720</u> | <u>2,468</u> | <u>2,655</u> |

Common Stock At-The-Market Sales Program

On May 14, 2020, the Company filed with the State Department of Assessments and Taxation of the State of Maryland (the "Maryland SDAT") an amendment to the Company's charter to increase the Company's authorized shares of common stock, par value \$0.10 per share ("Common Stock"), by 20 million shares.

On June 30, 2020, the Company entered into an Equity Distribution Agreement ("Common ATM Program") with BMO Capital Markets Corp., B. Riley FBR, Inc. ("B Riley"), Compass Point Research & Trading, LLC, D.A. Davidson & Co., Janney Montgomery Scott LLC, and J.P. Morgan Securities LLC, as distribution agents (the "Distribution Agents") under which the Company may offer and sell shares of the Company's Common Stock, having an aggregate sales price of up to \$100 million from time to time through the Distribution Agents. Sales of the shares of Common Stock under the Common ATM Program, if any, will be in "at the market offerings" as defined in Rule 415 under the Securities Act, including, without limitation, sales made directly on or through the NYSE or on any other existing trading market for the Common Stock, as applicable, or to or through a market maker or any other method permitted by law, including, without limitation, negotiated transactions and block trades. Shares of Common Stock sold under the Common ATM Program are offered pursuant to the Company's Registration Statement on Form S-3 (File No. 333-238321), filed with the Securities and Exchange Commission (the "SEC") on May 15, 2020, and declared effective on June 1, 2020 (the "2020 Registration Statement"), and the prospectus dated June 1, 2020 included in the 2020 Registration Statement and the related prospectus supplement dated June 30, 2020. The Company began selling shares under the Common ATM Program on September 17, 2020 and through December 31, 2020, 135,000 shares of Common Stock were issued and sold at a weighted average price of \$14.60 per share, generating gross proceeds of \$2.0 million and net proceeds of \$1.7 million, after offering expenses.

Issuer Purchases of Equity Securities

On January 15, 2020, the Board of Directors reaffirmed our Common Stock Repurchase Program (the “Repurchase Program”) that authorized us to repurchase up to \$25 million in the aggregate of the Company’s common stock. Purchases under the Repurchase Program were permitted to be made using a variety of methods, which may include open market purchases, privately negotiated transactions or block trades, or by any combination of such methods, in accordance with applicable insider trading and other securities laws and regulations. The size, scope and timing of any purchases were based on business, market and other conditions and factors, including price, regulatory and contractual requirements or consents, and capital availability. The Repurchase Program did require the Company to acquire any particular amount of common stock and may be suspended, modified or discontinued at any time at the Company's discretion without prior notice. During 2020, the Company repurchased approximately 174,000 shares of our common stock at an aggregate cost of \$1.8 million, or a weighted average price of \$10.50 per share. The last repurchase was made on May 14, 2020.

Preferred Stock

8.0% Series B Cumulative Redeemable Preferred Stock

On March 13, 2020, the Board of Directors approved our Series B Preferred Stock Repurchase Program (the “Series B Repurchase Program”) that authorized us to repurchase up to \$5 million in the aggregate of the Company’s Series B Preferred Stock. Purchases under the Series B Repurchase Program were permitted to be made using a variety of methods, which may including open market purchases, privately negotiated transactions or block trades, or by any combination of such methods, in accordance with applicable insider trading and other securities laws and regulations. The size, scope and timing of any purchases were based on business, market and other conditions and factors, including price, regulatory and contractual requirements or consents, and capital availability. The Series B Repurchase Program did not require the Company to acquire any particular amount of Series B Preferred Stock. During March 2020, the Company repurchased 531 shares of our Series B Preferred Stock for approximately \$12,000.

On October 20, 2020, the Company voluntarily redeemed all 3.8 million issued and outstanding shares of its 8.0% Series B Preferred Stock at a redemption price equal to the \$25.00 per share liquidation preference plus accrued and unpaid dividends to, but not including, the October 20, 2020 redemption date in an amount of \$0.2722 per share, for a total payment of \$25.2722 per share, or \$96.1 million. As a result of our redemption notice, the Company recognized a preferred share redemption charge of approximately \$2.9 million related to the original issuance costs.

6.75% Series C Cumulative Redeemable Preferred Stock

On July 26, 2017, the Company issued 5 million shares of its new 6.75% Series C Cumulative Redeemable Preferred Stock, Liquidation Preference \$25.00 per share (“Series C Preferred Stock”) at an offering price of \$25.00 per share in an underwritten registered public offering. The Company received net proceeds from the sale of these 5 million shares, after deducting the underwriting discount and other estimated offering expenses, of approximately \$120.8 million. On August 2, 2017, the Company issued an additional 750,000 shares of Series C Preferred Stock pursuant to the underwriters’ exercise of their overallotment option and received additional net proceeds of approximately \$18.2 million.

Dividends on the Series C Preferred Stock shares are cumulative at an annual rate of \$1.6875 per share and will be payable quarterly in arrears on March 15, June 15, September 15, and December 15.

The Series C Preferred Stock, par value \$0.10 per share, has no maturity and will remain outstanding indefinitely unless redeemed or otherwise repurchased. Except in limited circumstances relating to the Company’s qualification as a REIT, and as described below, the Series C Preferred Stock is not redeemable prior to July 26, 2022. On and after July 26, 2022, the Series C Preferred Stock will be redeemable at the Company’s option for cash, in whole or, from time to time, in part, at a price per share equal to \$25.00, plus all accrued and unpaid dividends (whether or not declared) to the date of redemption. The Series C Preferred Stock ranks on a parity with the Company’s Series B Preferred Stock with respect to dividend rights and rights upon liquidation, dissolution or winding up.

Upon the occurrence of a Delisting Event or Change of Control, each as defined in the Prospectus pursuant to which the shares of Series C Preferred Stock were offered, each holder of the Series C Preferred Stock will have the right to convert all or part of the shares of the Series C Preferred Stock held into common stock of the Company, unless the Company elects to redeem the Series C Preferred Stock.

Holder of the Series C Preferred Stock generally have no voting rights, except if the Company fails to pay dividends for nine or more quarterly periods, whether or not consecutive, or with respect to certain specified events.

In conjunction with the issuance of the Company's Series C Preferred Stock, the Company filed with the Maryland SDAT, an amendment to the Company's charter to increase the authorized number of shares of the Company's common stock by 30.8 million shares. As a result of this amendment, the Company's total authorized shares were increased from 95.7 million shares (classified as 85 million shares of Common Stock, 3.7 million shares of Series A Preferred, 4 million shares of Series B Preferred and 3 million shares of excess stock) to 126.4 million shares (classified as 115.8 million shares of Common Stock, 3.7 million shares of Series A Preferred Stock, 4 million shares of Series B Preferred Stock and 3 million shares of excess stock). Immediately following this amendment, the Company filed with the Maryland SDAT Articles Supplementary setting forth the rights, preferences and terms of the Series C Preferred Stock and reclassifying 5.8 million shares of Common Stock as shares of Series C Preferred Stock. After the reclassification, the Company's authorized stock consisted of 110 million shares of Common Stock, 3.7 million shares of Series A Preferred, 4 million shares of Series B Preferred, 5.8 million shares of Series C Preferred Stock and 3 million shares of excess stock. Additionally, upon the redemption on August 31, 2017 of all 3.7 million outstanding shares of the Series A Preferred, the authorized shares of Series A Preferred automatically reverted to authorized Common Stock, which increased our authorized Common Stock to 113.7 million shares.

On April 29, 2019, the Company issued and sold a total of 4 million shares, including as a result of the underwriters' exercise in full of their overallotment option of 400,000 shares, of our Series C Preferred Stock at an offering price of \$25.00 per share in an underwritten registered public offering. The additional shares of Series C Preferred Stock form a single series with, have the same terms as, and vote as a single class with, the 5.8 million previously outstanding shares of Series C Preferred Stock issued in July 2017 and rank on a parity with the Company's outstanding Series B Preferred Stock and its outstanding 6.375% Series D Cumulative Redeemable Preferred Stock. As of December 31, 2019, after giving effect to the offering, the Company had a total of 9.8 million shares of Series C Preferred Stock outstanding.

The Company received net proceeds from the sale of the 4 million shares of Series C Preferred Stock of approximately \$96.7 million, after deducting the underwriting discount and other estimated offering expenses, and used the proceeds for general corporate purposes, which included purchase of manufactured homes for sale or lease to customers, expansion of its existing communities, acquisitions of additional properties and repayment of indebtedness on a short-term basis.

In conjunction with the issuance of the Company's Series C Preferred Stock, on April 26, 2019 the Company filed with the Maryland SDAT, an amendment to the Company's charter to increase the authorized number of shares of the Company's common stock by 16 million shares. As a result of this amendment, the Company's total authorized shares were increased from 126.4 million shares (classified as 111.4 million shares of Common Stock, 4 million shares of Series B Preferred Stock, 5.8 million shares of Series C Preferred Stock, 2.3 million shares of Series D Preferred Stock and 3 million shares of excess stock) to 142.4 million shares (classified as 127.4 million shares of Common Stock, 4 million shares of Series B Preferred Stock, 5.8 million shares of Series C Preferred Stock, 2.3 million shares of Series D Preferred Stock and 3 million shares of excess stock).

Immediately following this amendment, the Company filed with the Maryland SDAT Articles Supplementary reclassifying 4 million shares of Common Stock as shares of Series C Preferred Stock. After this amendment, the Company's authorized stock consisted of 123.4 million shares of Common Stock, 4 million shares of Series B Preferred Stock, 9.8 million shares of Series C Preferred Stock, 2.3 million shares of Series D Preferred Stock and 3 million shares of excess stock.

6.375% Series D Cumulative Redeemable Preferred Stock

On January 22, 2018, the Company issued 2 million shares of its new 6.375% Series D Cumulative Redeemable Preferred Stock, Liquidation Preference \$25.00 Per Share ("Series D Preferred Stock") at an offering price of \$25.00 per share in an underwritten registered public offering. The Company received net proceeds from the

sale of these 2 million shares, after deducting the underwriting discount and other estimated offering expenses, of approximately \$48.2 million and has used the net proceeds of the offering for general corporate purposes, which included the purchase of manufactured homes for sale or lease to customers, expansion of its existing communities, acquisitions of additional properties and repayment of indebtedness on a short-term basis.

Dividends on the Series D Preferred Stock shares are cumulative from January 22, 2018 and are payable quarterly in arrears on March 15, June 15, September 15, and December 15 at an annual rate of \$1.59375 per share. On September 17, 2018, the Company paid \$797,000 in dividends or \$0.3984375 per share for the period from June 1, 2018 through August 31, 2018 to holders of record as of the close of business on August 15, 2018 of our Series D Preferred Stock.

The Series D Preferred Stock, par value \$0.10 per share, has no maturity and will remain outstanding indefinitely unless redeemed or otherwise repurchased. Except in limited circumstances relating to the Company's qualification as a REIT, and as described below, the Series D Preferred Stock is not redeemable prior to January 22, 2023. On and after January 22, 2023, the Series D Preferred Stock will be redeemable at the Company's option for cash, in whole or, from time to time, in part, at a price per share equal to \$25.00, plus all accrued and unpaid dividends (whether or not declared) to the date of redemption. The Series D Preferred Stock shares rank on a parity with the Company's Series B Preferred Stock shares and the Company's Series C Preferred Stock shares with respect to dividend rights and rights upon liquidation, dissolution or winding up.

Upon the occurrence of a Delisting Event or Change of Control, each as defined in the Prospectus pursuant to which the shares of Series D Preferred Stock were offered, each holder of the Series D Preferred Stock will have the right to convert all or part of the shares of the Series D Preferred Stock held into common stock of the Company, unless the Company elects to redeem the Series D Preferred Stock.

Holders of the Series D Preferred Stock generally have no voting rights, except if the Company fails to pay dividends for nine or more quarterly periods, whether or not consecutive, or with respect to certain specified events.

In conjunction with the issuance of the Company's Series D Preferred Stock, in January 2018 the Company filed with the Maryland SDAT Articles Supplementary setting forth the rights, preferences and terms of the Series D Preferred Stock shares and reclassifying 2.3 million shares of Common Stock as shares of Series D Preferred Stock. After the reclassification, the Company's authorized stock consisted of 111.4 million shares of common stock, 4 million shares of Series B Preferred Stock, 5.8 million shares of Series C Preferred Stock, 2.3 million shares of Series D Preferred Stock and 3 million shares of excess stock.

Preferred Stock At-The-Market Sales Program

On October 21, 2019, the Company entered into a Preferred Stock At-The-Market Sales Program ("2019 Preferred ATM Program") with B. Riley, as distribution agent, under which the Company was permitted to offer and sell shares of the Company's Series C Preferred Stock and/or Series D Preferred Stock, having an aggregate sales price of up to \$100 million. Sales of shares under the 2019 Preferred ATM Program were "at the market offerings" as defined in Rule 415 under the Securities Act, including, without limitation, sales made directly on or through the NYSE, or on any other existing trading market for the Series C Preferred Stock or Series D Preferred Stock, as applicable, or to or through a market maker or any other method permitted by law, including, without limitation, negotiated transactions and block trades. The Company began selling shares under the 2019 Preferred ATM Program on October 22, 2019 and through June 30, 2020, 3.2 million shares of Series D Preferred Stock were issued and sold under the 2019 Preferred ATM Program at a weighted average price of \$25.09 per share, generating gross proceeds of \$80.5 million and net proceeds of \$79.1 million, after offering expenses. Of these amounts, year to date through June 30, 2020, we issued and sold 2.6 million shares at a weighted average price of \$25.06 per share, generating gross proceeds of \$64.1 million and net proceeds after offering expenses of \$63.1 million. The Company discontinued the sale of shares under the 2019 Preferred ATM Program prior to June 30, 2020.

On July 15, 2020, the Company filed with the Maryland SDAT Articles Supplementary reclassifying and designating 3.3 million shares of the Company's Common Stock as shares of Series D Preferred. Following the filing of the Articles Supplementary, the authorized capital stock of the Company consists of 140.4 million shares of Common Stock, 4.0 million shares of Series B Preferred Stock, 13.8 million shares of Series C Preferred Stock, 9.3 million shares of Series D Preferred Stock and 3 million shares of excess stock, par value \$0.10 per share.

On July 22, 2020, the Company entered into a new Preferred ATM Stock At-The-Market Sales Program (“New Preferred ATM Program”) with B. Riley, as distribution agent, under which the Company may offer and sell shares of the Company’s Series C Preferred Stock and/or Series D Preferred Stock, having an aggregate sales price of up to \$100 million. Sales of shares under the New Preferred ATM Program are “at the market offerings” as defined in Rule 415 under the Securities Act, including, without limitation, sales made directly on or through the NYSE, or on any other existing trading market for the Series C Preferred Stock or Series D Preferred Stock, as applicable, or to or through a market maker or any other method permitted by law, including, without limitation, negotiated transactions and block trades. Shares of Series C Preferred Stock and/or Series D Preferred Stock sold under the New Preferred ATM Program are offered pursuant to the Company’s 2020 Registration Statement and are sold and issued pursuant to the Company’s prospectus dated June 1, 2020 included in the 2020 Registration Statement and the related prospectus supplement dated July 22, 2020. The New Preferred ATM Program replaced the 2019 Preferred ATM Program. The Company began selling shares under the New Preferred ATM Program on August 11, 2020 and through December 31, 2020, 134,000 shares of Series C Preferred Stock were issued and sold at a weighted average price of \$24.96 per share and 1.2 million shares of Series D Preferred Stock were issued and sold at a weighted average price of \$24.80 per share, generating total gross proceeds of \$33.7 million and total net proceeds of \$33.0 million, after offering expenses. As of December 31, 2020, \$66.1 million in shares of Series C Preferred Stock and/or Series D Preferred Stock remained eligible for sale under the New Preferred ATM Program.

NOTE 10 – DISTRIBUTIONS

Common Stock

The following cash distributions, including dividends reinvested, were paid to common shareholders during the three years ended December 31, 2020, 2019 and 2018 (*in thousands*):

| <u>Quarter Ended</u> | <u>2020</u> | | <u>2019</u> | | <u>2018</u> | |
|----------------------|-----------------|------------------|-----------------|------------------|-----------------|------------------|
| | <u>Amount</u> | <u>Per Share</u> | <u>Amount</u> | <u>Per Share</u> | <u>Amount</u> | <u>Per Share</u> |
| March 31 | \$7,417 | \$0.18 | \$6,980 | \$0.18 | \$6,493 | \$0.18 |
| June 30 | 7,417 | 0.18 | 7,159 | 0.18 | 6,601 | 0.18 |
| September 30 | 7,454 | 0.18 | 7,322 | 0.18 | 6,693 | 0.18 |
| December 31 | 7,520 | 0.18 | 7,364 | 0.18 | 6,824 | 0.18 |
| | <u>\$29,808</u> | <u>\$0.72</u> | <u>\$28,825</u> | <u>\$0.72</u> | <u>\$26,611</u> | <u>\$0.72</u> |

These amounts do not include the discount on shares purchased through the Company’s DRIP.

On January 13, 2021, the Company declared a 6% increase in the cash dividend, raising it from \$0.18 per share to \$0.19 per share, to be paid on March 15, 2021 to shareholders of record as of the close of business on February 16, 2021.

Preferred Stock

The following dividends were paid to holders of our Series B Preferred Stock during the years ended December 31, 2020, 2019 and 2018:

| <u>Declaration Date</u> | <u>Record Date</u> | <u>Payment Date</u> | <u>Dividend</u> | <u>Dividend per Share</u> |
|-------------------------|--------------------|---------------------|--------------------|---------------------------|
| 1/15/2020 | 2/18/2020 | 3/16/2020 | \$1,900,600 | \$0.50 |
| 4/2/2020 | 5/15/2020 | 6/15/2020 | 1,900,335 | 0.50 |
| 7/1/2020 | 8/17/2020 | 9/15/2020 | 1,900,335 | 0.50 |
| 9/11/2020 | 9/11/2020 | 10/20/2020 | 1,034,541 | 0.2722 |
| | | | <u>\$6,735,811</u> | <u>\$1.7722</u> |

| Declaration Date | Record Date | Payment Date | Dividend | Dividend per Share |
|-------------------------|--------------------|---------------------|--------------------|---------------------------|
| 1/15/2019 | 2/15/2019 | 3/15/2019 | \$1,900,600 | \$0.50 |
| 4/1/2019 | 5/15/2019 | 6/17/2019 | 1,900,600 | 0.50 |
| 7/1/2019 | 8/15/2019 | 9/16/2019 | 1,900,600 | 0.50 |
| 10/1/2019 | 11/15/2019 | 12/16/2019 | 1,900,600 | 0.50 |
| | | | <u>\$7,602,400</u> | <u>\$2.00</u> |
| 1/15/2018 | 2/15/2018 | 3/15/2018 | \$1,900,600 | \$0.50 |
| 4/1/2018 | 5/15/2018 | 6/15/2018 | 1,900,600 | 0.50 |
| 7/1/2018 | 8/15/2018 | 9/17/2018 | 1,900,600 | 0.50 |
| 10/1/2018 | 11/15/2018 | 12/17/2018 | 1,900,600 | 0.50 |
| | | | <u>\$7,602,400</u> | <u>\$2.00</u> |

The following dividends were paid to holders of our Series C Preferred Stock during the years ended December 31, 2020, 2019 and 2018:

| Declaration Date | Record Date | Payment Date | Dividend | Dividend per Share |
|-------------------------|--------------------|---------------------|---------------------|---------------------------|
| 1/15/2020 | 2/18/2020 | 3/16/2020 | \$4,113,281 | \$0.421875 |
| 4/2/2020 | 5/15/2020 | 6/15/2020 | 4,113,281 | 0.421875 |
| 7/1/2020 | 8/17/2020 | 9/15/2020 | 4,127,330 | 0.421875 |
| 10/1/2020 | 11/16/2020 | 12/15/2020 | 4,169,813 | 0.421875 |
| | | | <u>\$16,523,705</u> | <u>\$1.68750</u> |
| 1/15/2019 | 2/15/2019 | 3/15/2019 | \$2,425,781 | \$0.421875 |
| 4/1/2019 | 5/15/2019 | 6/17/2019 | 4,113,281 | 0.421875 |
| 7/1/2019 | 8/15/2019 | 9/16/2019 | 4,113,281 | 0.421875 |
| 10/1/2019 | 11/15/2019 | 12/16/2019 | 4,113,281 | 0.421875 |
| | | | <u>\$14,765,624</u> | <u>\$1.68750</u> |
| 1/15/2018 | 2/15/2018 | 3/15/2018 | \$2,425,781 | \$0.421875 |
| 4/1/2018 | 5/15/2018 | 6/15/2018 | 2,425,781 | 0.421875 |
| 7/1/2018 | 8/15/2018 | 9/17/2018 | 2,425,781 | 0.421875 |
| 10/1/2018 | 11/15/2018 | 12/17/2018 | 2,425,781 | 0.421875 |
| | | | <u>\$9,703,124</u> | <u>\$1.68750</u> |

On January 13, 2021, the Board of Directors declared a quarterly dividend of \$0.421875 per share for the period from December 1, 2020 through February 28, 2021, on the Company's Series C Preferred Stock payable March 15, 2021 to shareholders of record as of the close of business on February 16, 2021.

The following dividends were paid to holders of our Series D Preferred Stock during the years ended December 31, 2020, 2019 and 2018:

| <u>Declaration Date</u> | <u>Record Date</u> | <u>Payment Date</u> | <u>Dividend</u> | <u>Dividend per Share</u> |
|-------------------------|--------------------|---------------------|--------------------|---------------------------|
| 1/15/2020 | 2/18/2020 | 3/16/2020 | \$2,076,126 | \$0.3984375 |
| 4/2/2020 | 5/15/2020 | 6/15/2020 | 2,076,126 | 0.3984375 |
| 7/1/2020 | 8/17/2020 | 9/15/2020 | 2,081,704 | 0.3984375 |
| 10/1/2020 | 11/16/2020 | 12/15/2020 | <u>2,449,415</u> | <u>0.3984375</u> |
| | | | <u>\$8,683,371</u> | <u>\$1.59375</u> |
| 1/15/2019 | 2/15/2019 | 3/15/2019 | \$796,876 | \$0.3984375 |
| 4/1/2019 | 5/15/2019 | 6/17/2019 | 796,876 | 0.3984375 |
| 7/1/2019 | 8/15/2019 | 9/16/2019 | 796,876 | 0.3984375 |
| 10/1/2019 | 11/15/2019 | 12/16/2019 | <u>950,760</u> | <u>0.3984375</u> |
| | | | <u>\$3,341,388</u> | <u>\$1.59375</u> |
| 1/15/2018 | 2/15/2018 | 3/15/2018 | \$354,166 | \$0.1770830 |
| 4/1/2018 | 5/15/2018 | 6/15/2018 | 796,876 | 0.3984375 |
| 7/1/2018 | 8/15/2018 | 9/17/2018 | 796,876 | 0.3984375 |
| 10/1/2018 | 11/15/2018 | 12/17/2018 | <u>796,876</u> | <u>0.3984375</u> |
| | | | <u>\$2,744,794</u> | <u>\$1.372396</u> |

On January 13, 2021, the Board of Directors declared a quarterly dividend of \$0.3984375 per share for the period from December 1, 2020 through February 28, 2021, on the Company's Series D Preferred Stock payable March 15, 2021 to shareholders of record as of the close of business on February 16, 2021.

NOTE 11 – FEDERAL INCOME TAXES

Characterization of Distributions

The following table characterizes the distributions paid for the years ended December 31, 2020, 2019 and 2018:

| | <u>2020</u> | | <u>2019</u> | | <u>2018</u> | |
|---------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | <u>Amount</u> | <u>Percent</u> | <u>Amount</u> | <u>Percent</u> | <u>Amount</u> | <u>Percent</u> |
| Common Stock | | | | | | |
| Ordinary income | \$ -0- | -0-% | \$ -0- | -0-% | \$ -0- | -0-% |
| Capital gains | -0- | -0-% | -0- | -0-% | -0- | -0-% |
| Return of capital | <u>0.72</u> | <u>100.00%</u> | <u>0.72</u> | <u>100.00%</u> | <u>0.72</u> | <u>100.00%</u> |
| | <u>\$ 0.72</u> | <u>100.00%</u> | <u>\$ 0.72</u> | <u>100.00%</u> | <u>\$ 0.72</u> | <u>100.00%</u> |

| | 2020 | | 2019 | | 2018 | |
|-----------------------------------|--------------------|----------------|--------------------|----------------|--------------------|----------------|
| | Amount | Percent | Amount | Percent | Amount | Percent |
| Preferred Stock - Series B | | | | | | |
| Ordinary income | \$ 0.661633 | 37.33% | \$ 1.18476 | 59.24% | \$ 1.288868 | 64.44% |
| Capital gains | -0- | -0% | 0.05394 | 2.70% | -0- | -0% |
| Return of capital | 1.110567 | 62.67% | 0.76130 | 38.06% | 0.711132 | 35.56% |
| | <u>\$ 1.772200</u> | <u>100.00%</u> | <u>\$ 2.00000</u> | <u>100.00%</u> | <u>\$ 2.00000</u> | <u>100.00%</u> |
| Preferred Stock - Series C | | | | | | |
| Ordinary income | \$ 0.630008 | 37.33% | \$ 0.999640 | 59.24% | \$ 1.087484 | 64.44% |
| Capital gains | -0- | -0% | 0.045508 | 2.70% | -0- | -0% |
| Return of capital | 1.057492 | 62.67% | 0.642352 | 38.06% | 0.600016 | 35.56% |
| | <u>\$ 1.687500</u> | <u>100.00%</u> | <u>\$ 1.687500</u> | <u>100.00%</u> | <u>\$ 1.687500</u> | <u>100.00%</u> |
| Preferred Stock - Series D | | | | | | |
| Ordinary income | \$ 0.595008 | 37.33% | \$ 0.94410 | 59.24% | \$ 0.884419 | 64.44% |
| Capital gains | -0- | -0% | 0.04298 | 2.70% | -0- | -0% |
| Return of capital | 0.998742 | 62.67% | 0.60667 | 38.06% | 0.487978 | 35.56% |
| | <u>\$ 1.593750</u> | <u>100.00%</u> | <u>\$ 1.593750</u> | <u>100.00%</u> | <u>\$ 1.372397</u> | <u>100.00%</u> |

In addition to the above, taxable income from non-REIT activities conducted by S&F, a Taxable REIT Subsidiary (“TRS”), is subject to federal, state and local income taxes. Deferred income taxes pertaining to S&F are accounted for using the asset and liability method. Under this method, deferred income taxes are recognized for temporary differences between the financial reporting bases of assets and liabilities and their respective tax bases and for operating loss and tax credit carryforwards based on enacted tax rates expected to be in effect when such amounts are realized or settled. However, deferred tax assets are recognized only to the extent that it is more likely than not that they will be realized based on consideration of available evidence, including tax planning strategies and other factors. For the years ended December 31, 2020, 2019 and 2018, S&F had operating losses for financial reporting purposes of \$273,000, \$1.3 million and \$1.2 million, respectively. Therefore, a valuation allowance has been established against any deferred tax assets relating to S&F. For the years ended December 31, 2020, 2019 and 2018, S&F recorded \$10,000, \$8,000 and \$8,000, respectively, in federal, state and franchise taxes.

NOTE 12 – COMMITMENTS, CONTINGENCIES AND LEGAL MATTERS

The Company is subject to claims and litigation in the ordinary course of business. Management does not believe that any such claim or litigation will have a material adverse effect on the business, assets, or results of operations of the Company.

The Company has an agreement with 21st Mortgage Corporation (“21st Mortgage”) under which 21st Mortgage can provide financing for home purchasers in the Company’s communities. The Company does not receive referral fees or other cash compensation under the agreement. If 21st Mortgage makes loans to purchasers and those purchasers default on their loans and 21st Mortgage repossesses the homes securing such loans, the Company has agreed to purchase from 21st Mortgage each such repossessed home for a price equal to 80% to 95% of the amount under each such loan, subject to certain adjustments. This agreement may be terminated by either party with 30 days written notice. As of December 31, 2020, the total loan balance under this agreement was approximately \$1.7 million. Additionally, 21st Mortgage previously made loans to purchasers in certain communities we acquired. In conjunction with these acquisitions, the Company has agreed to purchase from 21st Mortgage each repossessed home, if those purchasers default on their loans. The purchase price ranges from 55% to 100% of the amount under each such loan, subject to certain adjustments. As of December 31, 2020, the total loan balance owed to 21st Mortgage with respect

to homes in these acquired communities was approximately \$2.0 million. Although this agreement is still active, this program is not being utilized by the Company's new customers as a source of financing.

S&F entered into a Chattel Loan Origination, Sale and Servicing Agreement ("COP Program") with Triad Financial Services, effective January 1, 2016. Neither the Company, nor S&F, receive referral fees or other cash compensation under the agreement. Customer loan applications are initially submitted to Triad for consideration by Triad's portfolio of outside lenders. If a loan application does not meet the criteria for outside financing, the application is then considered for financing under the COP Program. If the loan is approved under the COP Program, then it is originated by Triad, assigned to S&F and then assigned by S&F to the Company. Included in Notes and Other Receivables is approximately \$35.4 million of loans that the Company acquired under the COP Program as of December 31, 2020.

NOTE 13 - FAIR VALUE MEASUREMENTS

The Company follows ASC 825, Fair Value Measurements, for financial assets and liabilities recognized at fair value on a recurring basis. The Company measures certain financial assets and liabilities at fair value on a recurring basis, including marketable securities. The fair value of these certain financial assets and liabilities was determined using the following inputs at December 31, 2020 and 2019 (*in thousands*):

| | <u>Fair Value Measurements at Reporting Date Using</u> | | | |
|-------------------------------------|--|---|--|--|
| | <u>Total</u> | <u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u> | <u>Significant Other Observable Inputs (Level 2)</u> | <u>Significant Unobservable Inputs (Level 3)</u> |
| December 31, 2020: | | | | |
| Equity Securities - Preferred Stock | \$2,601 | \$2,601 | \$-0- | \$-0- |
| Equity Securities - Common Stock | 100,571 | 100,571 | -0- | -0- |
| Total | <u>\$103,172</u> | <u>\$103,172</u> | <u>\$-0-</u> | <u>\$-0-</u> |
| December 31, 2019: | | | | |
| Equity Securities - Preferred Stock | \$3,516 | \$3,516 | \$-0- | \$-0- |
| Equity Securities - Common Stock | 112,670 | 112,670 | -0- | -0- |
| Total | <u>\$116,186</u> | <u>\$116,186</u> | <u>\$-0-</u> | <u>\$-0-</u> |

In addition to the Company's investment in Marketable Securities at Fair Value, the Company is required to disclose certain information about fair values of its other financial instruments, as defined in ASC 825-10, Financial Instruments. Estimates of fair value are made at a specific point in time, based upon, where available, relevant market prices and information about the financial instrument. Such estimates do not include any premium or discount that could result from offering for sale at one time the Company's entire holdings of a particular financial instrument. All of the Company's marketable securities have quoted market prices. However, for a portion of the Company's other financial instruments, no quoted market value exists. Therefore, estimates of fair value are necessarily based on a number of significant assumptions (many of which involve events outside the control of management). Such assumptions include assessments of current economic conditions, perceived risks associated with these financial instruments and their counterparties, future expected loss experience and other factors. Given the uncertainties surrounding these assumptions, the reported fair values represent estimates only and, therefore, cannot be compared to the historical accounting model. Use of different assumptions or methodologies is likely to result in significantly different fair value estimates.

The fair value of cash and cash equivalents and notes receivables approximates their current carrying amounts since all such items are short-term in nature. The fair value of marketable securities is primarily based upon quoted market values. The fair value of variable rate mortgages payable and loans payable approximate their current carrying amounts since such amounts payable are at approximately a weighted average current market rate of interest. The

estimated fair value of fixed rate mortgage notes payable is based on discounting the future cash flows at a year-end risk adjusted borrowing rate currently available to the Company for issuance of debt with similar terms and remaining maturities. These fair value measurements fall within level 2 of the fair value hierarchy. As of December 31, 2020, the fair and carrying value of fixed rate mortgages payable amounted to \$487.7 million and \$476.4 million, respectively. As of December 31, 2019, the fair and carrying value of fixed rate mortgages payable amounted to \$381.2 million and \$377.0 million, respectively.

NOTE 14 – SUPPLEMENTAL CASH FLOW INFORMATION

Cash paid for interest during the years ended December 31, 2020, 2019 and 2018 was \$18.3 million, \$18.4 million and \$16.4 million, respectively. Interest cost capitalized to land development during the years ended December 31, 2020, 2019 and 2018 was \$1.3 million, \$1.5 million and \$1.0 million, respectively.

During the years ended December 31, 2020, 2019 and 2018, the Company assumed mortgages totaling \$2.7 million, \$19.4 million and \$4.6 million, respectively for the acquisition of communities.

During the years ended December 31, 2020, 2019 and 2018, land development costs of \$11.9 million, \$17.5 million and \$10.1 million, respectively were transferred to investment property and equipment and placed in service.

During the years ended December 31, 2020, 2019 and 2018, the Company had dividend reinvestments of \$3.2 million, \$7.7 million and \$5.1 million, respectively which required no cash transfers.

NOTE 15 – SUBSEQUENT EVENTS

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were issued.

On January 8, 2021, the Company acquired Deer Run, located in Dothan, Alabama, for approximately \$4.6 million. This community contains a total of 195 developed homesites that are situated on approximately 33 total acres. At the date of acquisition, the average occupancy for this community was approximately 37%.

On January 21, 2021, the Company acquired Iris Winds, located in Sumter, South Carolina, for approximately \$3.4 million. This community contains a total of 142 developed homesites that are situated on approximately 24 total acres. At the date of acquisition, the average occupancy for this community was approximately 49%.

On January 29, 2021, the Company awarded approximately 147,000 shares of restricted stock to five employees.

On February 5, 2021, the Company entered into a Second Amendment to Amended and Restated Credit Agreement with BMO to reduce the capitalization rate from 7.0% to 6.5%.

From January 1, 2021 through February 28, 2021, the Company issued and sold an additional 768,000 shares of its Series D Preferred Stock under the New Preferred ATM Program at a weighted average price of \$24.80 per share, generating gross proceeds of \$19.1 million and net proceeds of \$18.8 million, after offering expenses.

NOTE 16 – PRO FORMA FINANCIAL INFORMATION (UNAUDITED)

The following unaudited pro forma condensed financial information reflects the acquisitions during 2019 and through January 21, 2021. This information has been prepared utilizing the historical financial statements of the Company and the effect of additional revenue and expenses from the properties acquired during this period, after giving effect to certain adjustments including (a) rental and related income; (b) community operating expenses; (c) interest expense resulting from the assumed increase in mortgages and loans payable related to the new acquisitions and (d) depreciation expense related to the new acquisitions. The unaudited pro forma condensed financial information is not indicative of the results of operations that would have been achieved had the acquisitions reflected herein been consummated on the dates indicated or that will be achieved in the future (*in thousands*).

| | For the years ended December 31, | |
|--|---|-------------|
| | 2020 | 2019 |
| Rental and Related Income | \$144,557 | \$133,567 |
| Community Operating Expenses | 63,923 | 64,222 |
| Net Income (Loss) Attributable to Common Shareholders | (29,742) | 2,240 |
| Net Income (Loss) Attributable to Common Shareholders per Share: | | |
| Basic and Diluted | (0.72) | 0.06 |

NOTE 17 – SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED)

SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED)
THREE MONTHS ENDED *(in thousands except per share amounts)*

| 2020 | March 31 | June 30 | September 30 | December 31 |
|---|-----------------|----------------|---------------------|--------------------|
| Total Income | \$37,573 | \$40,084 | \$43,123 | \$42,829 |
| Total Expenses | 31,819 | 33,348 | 35,747 | 34,382 |
| Other Income (Expense) | (40,395) | 11,628 | (9,112) | 14,837 |
| Net Income (Loss) from continuing operations | (34,748) | 18,325 | (1,767) | 23,245 |
| Net Income (Loss) Attributable to Common Shareholders | (42,838) | 10,235 | (12,747) | 15,591 |
| Net Income (Loss) Attributable to Common Shareholders per Share – | | | | |
| Basic and Diluted | (1.04) | 0.25 | (0.31) | 0.38 |

| 2019 | March 31 | June 30 | September 30 | December 31 |
|---|-----------------|----------------|---------------------|--------------------|
| Total Income | \$34,287 | \$37,230 | \$37,329 | \$37,745 |
| Total Expenses | 29,750 | 32,588 | 32,387 | 31,857 |
| Other Income (Expense) | 6,521 | (3,906) | 7,519 | (2,282) |
| Net Income from continuing operations | 11,037 | 749 | 12,433 | 3,531 |
| Net Income (Loss) Attributable to Common Shareholders | 5,914 | (5,537) | 5,622 | (3,433) |
| Net Income (Loss) Attributable to Common Shareholders per Share – | | | | |
| Basic | 0.16 | (0.15) | 0.14 | (0.08) |
| Diluted | 0.15 | (0.15) | 0.14 | (0.08) |

UMH PROPERTIES, INC.
SCHEDULE III
REAL ESTATE AND ACCUMULATED DEPRECIATION
DECEMBER 31, 2020 (in thousands)

| Column A | | Column B | | Column C | | Column D | | | |
|---------------------|----------------------|---------------------|---------|--|-------|---|--------|----|--------|
| Description | | | | Initial Cost | | | | | |
| | | | | Site, Land & Building Improvements and Rental Homes | | Capitalization Subsequent to Acquisition | | | |
| Name | Location | Encumbrances | | Land | | | | | |
| Allentown | Memphis, TN | \$ | 12,587 | \$ | 250 | \$ | 2,569 | \$ | 13,317 |
| Arbor Estates | Doylestown, PA | | | (1) | 2,650 | | 8,266 | | 2,058 |
| Auburn Estates | Orrville, OH | | | (4) | 114 | | 1,174 | | 782 |
| Birchwood Farms | Birch Run, MI | | | (1) | 70 | | 2,797 | | 4,039 |
| Boardwalk | Elkhart, IN | | 13,334 | (6) | 1,796 | | 4,768 | | (6) |
| Broadmore Estates | Goshen, IN | | 45,588 | (1) | 1,120 | | 11,136 | | 11,220 |
| Brookside | Berwick, PA | | | (3) | 372 | | 4,776 | | 3,556 |
| Brookview | Greenfield Ctr, NY | | 2,603 | | 38 | | 233 | | 10,384 |
| Camelot Village | Anderson, IN | | | (7) | 824 | | 2,480 | | 428 |
| Camelot Woods | Altoona, PA | | -0- | | 573 | | 2,767 | | 1,202 |
| Candlewick Court | Owosso, MI | | 4,201 | | 159 | | 7,087 | | 5,614 |
| Carsons | Chambersburg, PA | | -0- | | 176 | | 2,411 | | 2,353 |
| Catalina | Middletown, OH | | 4,853 | | 1,008 | | 11,735 | | 9,725 |
| Cedarcrest Village | Vineland, NJ | | 11,238 | | 320 | | 1,866 | | 3,239 |
| Chambersburg | Chambersburg, PA | | -0- | | 108 | | 2,397 | | 826 |
| Chelsea | Sayre, PA | | | (2) | 124 | | 2,049 | | 1,996 |
| Cinnamon Woods | Conowingo, MD | | -0- | | 1,884 | | 2,116 | | 540 |
| City View | Lewistown, PA | | -0- | | 137 | | 613 | | 1,492 |
| Clinton | Tiffin, OH | | 3,303 | | 142 | | 3,302 | | 437 |
| Collingwood | Horseheads, NY | | -0- | | 196 | | 2,318 | | 3,126 |
| Colonial Heights | Wintersville, OH | | | (1) | 67 | | 2,383 | | 6,845 |
| Countryside Estates | Muncie, IN | | -0- | | 174 | | 1,926 | | 5,482 |
| Countryside Estates | Ravenna, OH | | -0- | | 205 | | 2,896 | | 5,771 |
| Countryside Village | Columbia, TN | | 105,221 | | 394 | | 6,917 | | 10,224 |
| Cranberry | Cranberry Twp, PA | | 7,139 | | 182 | | 1,923 | | 4,592 |
| Crestview | Athens, PA | | -0- | | 188 | | 2,258 | | 2,934 |
| Cross Keys | Duncansville, PA | | -0- | | 61 | | 378 | | 4,412 |
| Crossroads Village | Mount Pleasant, PA | | -0- | | 183 | | 1,403 | | 188 |
| D&R | Clifton Park, NY | | 7,191 | | 392 | | 704 | | 3,401 |
| Dallas Mobile Home | Toronto, OH | | -0- | | 276 | | 2,729 | | 2,884 |
| Deer Meadows | New Springfield, OH | | -0- | | 226 | | 2,299 | | 3,747 |
| Evergreen Estates | Lodi, OH | | -0- | | 99 | | 1,121 | | 529 |
| Evergreen Manor | Bedford, OH | | -0- | | 49 | | 2,372 | | 1,467 |
| Evergreen Village | Mantua, OH | | -0- | | 105 | | 1,277 | | 1,066 |
| Fairview Manor | Millville, NJ | | 15,076 | | 216 | | 1,167 | | 10,707 |
| Fifty One Estates | Elizabeth, PA | | -0- | | 1,214 | | 5,746 | | 2,042 |
| Forest Creek | Elkhart, IN | | | (1) | 440 | | 7,004 | | 2,099 |
| Forest Park | Cranberry Twp, PA | | 7,833 | | 75 | | 977 | | 8,923 |
| Fox Chapel Village | Cheswick, PA | | -0- | | 372 | | 4,082 | | 2,728 |
| Frieden Manor | Schuylkill Haven, PA | | 12,581 | (2) | 643 | | 5,294 | | 3,701 |
| Friendly Village | Perrysburg, OH | | 6,906 | | 1,215 | | 18,141 | | 5,036 |
| Green Acres | Chambersburg, PA | | -0- | | 63 | | 584 | | 128 |
| Gregory Courts | Honey Brook, PA | | | (1) | 370 | | 1,220 | | 994 |
| Hayden Heights | Dublin, OH | | 1,962 | | 248 | | 2,148 | | 826 |
| Heather Highlands | Inkerman, PA | | -0- | | 573 | | 2,152 | | 13,745 |
| High View Acres | Apollo, PA | | -0- | | 825 | | 4,264 | | 439 |
| Highland | Elkhart, IN | | | (1) | 510 | | 7,084 | | 5,632 |
| Highland Estates | Kutztown, PA | | 15,744 | | 145 | | 1,695 | | 12,762 |
| Hillcrest Crossing | Lower Burrell, PA | | -0- | | 961 | | 1,464 | | 7,461 |
| Hillcrest Estates | Marysville, OH | | -0- | | 1,277 | | 3,034 | | 5,384 |
| Hillside Estates | Greensburg, PA | | | (5) | 484 | | 2,679 | | 3,557 |
| Holiday Village | Nashville, TN | | 7,454 | | 1,632 | | 5,618 | | 7,377 |

UMH PROPERTIES, INC.
SCHEDULE III
REAL ESTATE AND ACCUMULATED DEPRECIATION
DECEMBER 31, 2020 (in thousands)

| Column A | | Column B | | Column C | | Column D |
|------------------------|----------------------|---------------------|-----|---------------------|--|---|
| Description | | | | Initial Cost | | |
| Name | Location | Encumbrances | | Land | Site, Land & Building Improvements and Rental Homes | Capitalization Subsequent to Acquisition |
| Holiday Village | Elkhart, IN | \$ 7,998 | | \$ 491 | \$ 13,808 | \$ 7,482 |
| Holly Acres | Eric, PA | 2,077 | | 194 | 3,591 | 1,224 |
| Hudson Estates | Peninsula, OH | -0- | | 141 | 3,516 | 5,809 |
| Huntingdon Pointe | Tarrs, PA | -0- | | 399 | 865 | 2,054 |
| Independence Park | Clinton, PA | 7,596 | (5) | 686 | 2,784 | 3,520 |
| Kinnebrook | Monticello, NY | 3,792 | | 236 | 1,403 | 14,553 |
| Lake Erie Estates | Fredonia, NY | 2,657 | | 104 | 4,391 | 1,572 |
| Lake Sherman | Navarre, OH | 5,180 | | 290 | 1,458 | 13,661 |
| Lakeview Meadows | Lakeview, OH | -0- | | 574 | 1,104 | 2,032 |
| Laurel Woods | Cresson, PA | -0- | | 433 | 2,070 | 4,853 |
| Little Chippewa | Orrville, OH | | (4) | 113 | 1,135 | 2,641 |
| Maple Manor | Taylor, PA | 12,694 | (3) | 674 | 9,433 | 7,375 |
| Marysville Estates | Marysville, OH | -0- | | 810 | 4,556 | 6,340 |
| Meadowood | New Middletown, OH | | (1) | 152 | 3,191 | 4,673 |
| Meadows | Nappanee, IN | -0- | | 549 | 6,721 | 9,715 |
| Meadows of Perrysburg | Perrysburg, OH | 2,888 | | 2,146 | 5,541 | 649 |
| Melrose Village | Wooster, OH | 6,692 | (4) | 767 | 5,429 | 6,818 |
| Melrose West | Wooster, OH | | (4) | 94 | 1,040 | 92 |
| Memphis Blues | Memphis, TN | -0- | | 78 | 810 | 10,221 |
| Monroe Valley | Jonestown, PA | | (2) | 114 | 994 | 674 |
| Moosic Heights | Avoca, PA | | (3) | 330 | 3,794 | 3,548 |
| Mount Pleasant Village | Mount Pleasant, PA | -0- | | 280 | 3,502 | 1,326 |
| Mountaintop | Narvon, PA | | (2) | 134 | 1,665 | 775 |
| New Colony | West Mifflin, PA | -0- | | 429 | 4,129 | 833 |
| Northtowne Meadows | Eric, PA | 11,818 | | 1,272 | 23,859 | 1,591 |
| Oak Ridge | Elkhart, IN | | (1) | 500 | 7,524 | 3,210 |
| Oakwood Lake | Tunkhannock, PA | | (3) | 379 | 1,639 | 1,748 |
| Olmsted Falls | Olmsted Township, OH | 1,962 | | 569 | 3,031 | 2,301 |
| Oxford | West Grove, PA | 15,301 | | 175 | 991 | 2,753 |
| Parke Place | Elkhart, IN | | (6) | 4,317 | 10,341 | 5,754 |
| Perrysburg Estates | Perrysburg, OH | 1,558 | | 399 | 4,047 | 3,378 |
| Pikewood Manor | Elyria, OH | 14,103 | | 1,053 | 22,068 | 12,229 |
| Pine Ridge/Pine Manor | Carlisle, PA | -0- | | 38 | 198 | 10,546 |
| Pine Valley | Apollo, PA | -0- | | 670 | 1,337 | 7,497 |
| Pleasant View | Bloomsburg, PA | | (3) | 282 | 2,175 | 2,405 |
| Port Royal | Belle Vernon, PA | -0- | | 150 | 2,492 | 15,008 |
| Redbud Estates | Anderson, IN | 12,902 | (7) | 1,739 | 15,091 | 4,507 |
| River Valley | Marion, OH | -0- | | 236 | 785 | 8,547 |
| Rolling Hills Estates | Carlisle, PA | -0- | | 301 | 1,419 | 1,950 |
| Rostraver Estates | Belle Vernon, PA | | (5) | 814 | 2,204 | 2,467 |
| Sandy Valley | Magnolia, OH | -0- | | 270 | 1,941 | 11,539 |
| Shady Hills | Nashville, TN | 4,677 | | 337 | 3,379 | 4,433 |
| Somerset/Whispering | Somerset, PA | -0- | | 1,485 | 2,050 | 8,973 |
| Southern Terrace | Columbiana, OH | | (1) | 63 | 3,387 | 612 |
| Southwind | Jackson, NJ | 22,368 | (8) | 100 | 603 | 3,048 |
| Spreading Oaks | Athens, OH | -0- | | 67 | 1,327 | 4,204 |
| Springfield Meadows | Springfield, OH | 2,976 | | 1,230 | 3,093 | 1,748 |
| Suburban Estates | Greensburg, PA | 5,248 | | 299 | 5,837 | 4,578 |
| Summit Estates | Ravenna, OH | -0- | | 198 | 2,779 | 4,146 |
| Summit Village | Marion, IN | -0- | | 522 | 2,821 | 1,933 |
| Sunny Acres | Somerset, PA | 5,842 | | 287 | 6,114 | 2,941 |
| Sunnyside | Eagleville, PA | | (1) | 450 | 2,674 | 669 |
| Trailmont | Goodlettsville, TN | 3,118 | | 411 | 1,867 | 3,574 |
| Twin Oaks | Olmsted Township, OH | 5,930 | | 823 | 3,527 | 2,189 |
| Twin Pines | Goshen, IN | | (1) | 650 | 6,307 | 5,301 |
| Valley High | Ruffs Dale, PA | -0- | (5) | 284 | 2,267 | 2,340 |
| Valley Hills | Ravenna, OH | 3,220 | | 996 | 6,542 | 9,039 |
| Valley Stream | Mountaintop, PA | -0- | | 323 | 3,191 | 1,206 |

UMH PROPERTIES, INC.
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| Column A | | Column B | | Column C | | Column D |
|--------------------|--------------------|---------------------|--------|---------------------|--|---|
| Description | | | | Initial Cost | | |
| Name | Location | Encumbrances | | Land | Site, Land & Building Improvements and Rental Homes | Capitalization Subsequent to Acquisition |
| Valley View HB | Honeybrook, PA | \$ | (1) \$ | 1,380 | \$ 5,348 | \$ 4,076 |
| Valley View I | Ephrata, PA | | (2) | 191 | 4,359 | 1,326 |
| Valley View II | Ephrata, PA | | (2) | 72 | 1,746 | 56 |
| Voyager Estates | West Newton, PA | -0- | | 742 | 3,143 | 4,480 |
| Waterfalls | Hamburg, NY | 4,386 | | 424 | 3,812 | 5,014 |
| Wayside | Bellefontaine, OH | -0- | | 196 | 1,080 | 2,296 |
| Weatherly Estates | Lebanon, TN | 7,607 | | 1,184 | 4,034 | 3,966 |
| Wellington Estates | Export, PA | 2,263 | | 896 | 6,179 | 3,853 |
| Wood Valley | Caledonia, OH | -0- | | 260 | 1,753 | 5,876 |
| Woodland Manor | West Monroe, NY | -0- | | 77 | 841 | 4,429 |
| Woodlawn | Eatontown, NJ | | (8) | 157 | 281 | 1,894 |
| Woods Edge | West Lafayette, IN | 5,940 | | 1,808 | 13,321 | 7,785 |
| Worthington Arms | Lewis Center, OH | 8,783 | | 437 | 12,706 | 5,468 |
| Youngstown Estates | Youngstown, NY | | (4) | 269 | 1,606 | 1,752 |
| | | <u>\$ 476,390</u> | | <u>\$ 65,925</u> | <u>\$ 487,845</u> | <u>\$ 546,486</u> |

UMH PROPERTIES, INC.
SCHEDULE III
REAL ESTATE AND ACCUMULATED DEPRECIATION
DECEMBER 31, 2020 (in thousands)

| Column A | | Column E (10) (11) | | | Column F |
|---------------------|----------------------|--|--|--------------|---------------------|
| Description | | Gross Amount at Which Carried at 12/31/20 | | | |
| | | | Site, Land & Building Improvements | | Accumulated |
| Name | Location | Land | and Rental Homes | Total | Depreciation |
| Allentown | Memphis, TN | \$ 703 | \$ 15,433 | \$ 16,136 | \$ 7,058 |
| Arbor Estates | Doylestown, PA | 2,650 | 10,324 | 12,974 | 2,753 |
| Auburn Estates | Orrville, OH | 114 | 1,956 | 2,070 | 433 |
| Birchwood Farms | Birch Run, MI | 70 | 6,836 | 6,906 | 1,643 |
| Boardwalk | Elkhart, IN | 1,796 | 4,762 | 6,558 | 693 |
| Broadmore Estates | Goshen, IN | 1,120 | 22,356 | 23,476 | 5,726 |
| Brookside | Berwick, PA | 372 | 8,332 | 8,704 | 2,245 |
| Brookview | Greenfield Ctr, NY | 123 | 10,532 | 10,655 | 3,236 |
| Camelot Village | Anderson, IN | 828 | 2,904 | 3,732 | 255 |
| Camelot Woods | Altoona, PA | 766 | 3,776 | 4,542 | 58 |
| Candlewick Court | Owosso, MI | 159 | 12,701 | 12,860 | 2,578 |
| Carsons | Chambersburg, PA | 176 | 4,764 | 4,940 | 1,030 |
| Catalina | Middletown, OH | 1,008 | 21,460 | 22,468 | 3,891 |
| Cedarcrest Village | Vineland, NJ | 408 | 5,017 | 5,425 | 3,068 |
| Chambersburg | Chambersburg, PA | 118 | 3,213 | 3,331 | 891 |
| Chelsea | Sayre, PA | 124 | 4,045 | 4,169 | 933 |
| Cinnamon Woods | Conowingo, MD | 1,884 | 2,656 | 4,540 | 335 |
| City View | Lewistown, PA | 137 | 2,105 | 2,242 | 544 |
| Clinton | Tiffin, OH | 142 | 3,739 | 3,881 | 1,195 |
| Collingwood | Horseheads, NY | 196 | 5,444 | 5,640 | 1,172 |
| Colonial Heights | Wintersville, OH | 67 | 9,228 | 9,295 | 1,944 |
| Countryside Estates | Muncie, IN | 174 | 7,408 | 7,582 | 1,525 |
| Countryside Estates | Ravenna, OH | 205 | 8,667 | 8,872 | 1,667 |
| Countryside Village | Columbia, TN | 609 | 16,926 | 17,535 | 4,887 |
| Cranberry | Cranberry Twp, PA | 182 | 6,515 | 6,697 | 3,433 |
| Crestview | Athens, PA | 362 | 5,018 | 5,380 | 1,051 |
| Cross Keys | Duncansville, PA | 61 | 4,790 | 4,851 | 1,726 |
| Crossroads Village | Mount Pleasant, PA | 183 | 1,591 | 1,774 | 197 |
| D&R | Clifton Park, NY | 392 | 4,105 | 4,497 | 2,291 |
| Dallas Mobile Home | Toronto, OH | 276 | 5,613 | 5,889 | 1,022 |
| Deer Meadows | New Springfield, OH | 226 | 6,046 | 6,272 | 1,094 |
| Evergreen Estates | Lodi, OH | 119 | 1,630 | 1,749 | 376 |
| Evergreen Manor | Bedford, OH | 49 | 3,839 | 3,888 | 802 |
| Evergreen Village | Mantua, OH | 105 | 2,343 | 2,448 | 524 |
| Fairview Manor | Millville, NJ | 2,535 | 9,555 | 12,090 | 5,890 |
| Fifty One Estates | Elizabeth, PA | 1,268 | 7,734 | 9,002 | 348 |
| Forest Creek | Elkhart, IN | 440 | 9,103 | 9,543 | 2,815 |
| Forest Park | Cranberry Twp, PA | 75 | 9,900 | 9,975 | 4,124 |
| Fox Chapel Village | Cheswick, PA | 372 | 6,810 | 7,182 | 621 |
| Frieden Manor | Schuylkill Haven, PA | 643 | 8,995 | 9,638 | 2,304 |
| Friendly Village | Perrysburg, OH | 1,265 | 23,127 | 24,392 | 1,182 |
| Green Acres | Chambersburg, PA | 63 | 712 | 775 | 200 |
| Gregory Courts | Honey Brook, PA | 370 | 2,214 | 2,584 | 552 |
| Hayden Heights | Dublin, OH | 248 | 2,974 | 3,222 | 692 |
| Heather Highlands | Inkerman, PA | 573 | 15,897 | 16,470 | 6,379 |
| High View Acres | Apollo, PA | 825 | 4,703 | 5,528 | 522 |
| Highland | Elkhart, IN | 510 | 12,716 | 13,226 | 3,425 |
| Highland Estates | Kutztown, PA | 404 | 14,198 | 14,602 | 7,967 |
| Hillcrest Crossing | Lower Burrell, PA | 961 | 8,925 | 9,886 | 872 |
| Hillcrest Estates | Marysville, OH | 1,277 | 8,418 | 9,695 | 836 |
| Hillside Estates | Greensburg, PA | 484 | 6,236 | 6,720 | 1,125 |

UMH PROPERTIES, INC.
SCHEDULE III
REAL ESTATE AND ACCUMULATED DEPRECIATION
DECEMBER 31, 2020 (in thousands)

| Column A | | Column E (10) (11) | | | Column F |
|------------------------|----------------------|--|---|--------------|---------------------|
| Description | | Gross Amount at Which Carried at 12/31/20 | | | |
| | | | Site, Land & Building Improvements | | Accumulated |
| Name | Location | Land | and Rental Homes | Total | Depreciation |
| Holiday Village | Nashville, TN | \$ 1,632 | \$ 12,995 | \$ 14,627 | \$ 3,219 |
| Holiday Village | Elkhart, IN | 491 | 21,290 | 21,781 | 3,912 |
| Holly Acres | Erie, PA | 194 | 4,815 | 5,009 | 931 |
| Hudson Estates | Peninsula, OH | 141 | 9,325 | 9,466 | 1,893 |
| Huntingdon Pointe | Tarrs, PA | 399 | 2,919 | 3,318 | 382 |
| Independence Park | Clinton, PA | 686 | 6,304 | 6,990 | 1,243 |
| Kinnebrook | Monticello, NY | 353 | 15,839 | 16,192 | 6,466 |
| Lake Erie Estates | Fredonia, NY | 140 | 5,927 | 6,067 | 68 |
| Lake Sherman | Navarre, OH | 290 | 15,119 | 15,409 | 5,315 |
| Lakeview Meadows | Lakeview, OH | 726 | 2,984 | 3,710 | 434 |
| Laurel Woods | Cresson, PA | 433 | 6,923 | 7,356 | 2,790 |
| Little Chippewa | Orrville, OH | 113 | 3,776 | 3,889 | 653 |
| Maple Manor | Taylor, PA | 674 | 16,808 | 17,482 | 4,824 |
| Marysville Estates | Marysville, OH | 818 | 10,888 | 11,706 | 1,161 |
| Meadowood | New Middletown, OH | 152 | 7,864 | 8,016 | 1,806 |
| Meadows | Nappanee, IN | 549 | 16,436 | 16,985 | 2,471 |
| Meadows of Perrysburg | Perrysburg, OH | 2,182 | 6,154 | 8,336 | 444 |
| Melrose Village | Wooster, OH | 767 | 12,247 | 13,014 | 2,551 |
| Melrose West | Wooster, OH | 94 | 1,132 | 1,226 | 284 |
| Memphis Blues | Memphis, TN | 336 | 10,773 | 11,109 | 2,286 |
| Monroe Valley | Jonestown, PA | 114 | 1,668 | 1,782 | 425 |
| Moosic Heights | Avoca, PA | 330 | 7,342 | 7,672 | 1,976 |
| Mount Pleasant Village | Mount Pleasant, PA | 280 | 4,828 | 5,108 | 599 |
| Mountaintop | Narvon, PA | 249 | 2,325 | 2,574 | 668 |
| New Colony | West Mifflin, PA | 448 | 4,943 | 5,391 | 242 |
| Northtowne Meadows | Erie, PA | 1,312 | 25,410 | 26,722 | 1,452 |
| Oak Ridge | Elkhart, IN | 500 | 10,734 | 11,234 | 2,967 |
| Oakwood Lake | Tunkhannock, PA | 379 | 3,387 | 3,766 | 865 |
| Olmsted Falls | Olmsted Township, OH | 569 | 5,332 | 5,901 | 1,278 |
| Oxford | West Grove, PA | 155 | 3,764 | 3,919 | 2,253 |
| Parke Place | Elkhart, IN | 4,317 | 16,095 | 20,412 | 2,466 |
| Perrysburg Estates | Perrysburg, OH | 407 | 7,417 | 7,824 | 457 |
| Pikewood Manor | Elyria, OH | 1,071 | 34,279 | 35,350 | 2,251 |
| Pine Ridge/Pine Manor | Carlisle, PA | 145 | 10,637 | 10,782 | 4,235 |
| Pine Valley | Apollo, PA | 732 | 8,772 | 9,504 | 3,540 |
| Pleasant View | Bloomensburg, PA | 282 | 4,580 | 4,862 | 1,173 |
| Port Royal | Belle Vernon, PA | 505 | 17,145 | 17,650 | 8,007 |
| Redbud Estates | Anderson, IN | 1,753 | 19,584 | 21,337 | 1,668 |
| River Valley | Marion, OH | 236 | 9,332 | 9,568 | 4,170 |
| Rolling Hills Estates | Carlisle, PA | 301 | 3,369 | 3,670 | 1,016 |
| Rostraver Estates | Belle Vernon, PA | 814 | 4,671 | 5,485 | 963 |
| Sandy Valley | Magnolia, OH | 270 | 13,480 | 13,750 | 5,590 |
| Shady Hills | Nashville, TN | 337 | 7,812 | 8,149 | 2,225 |
| Somerset/Whispering | Somerset, PA | 1,489 | 11,019 | 12,508 | 4,311 |
| Southern Terrace | Columbiana, OH | 63 | 3,999 | 4,062 | 1,158 |
| Southwind | Jackson, NJ | 100 | 3,651 | 3,751 | 2,200 |
| Spreading Oaks | Athens, OH | 67 | 5,531 | 5,598 | 2,251 |
| Springfield Meadows | Springfield, OH | 1,230 | 4,841 | 6,071 | 606 |
| Suburban Estates | Greensburg, PA | 299 | 10,415 | 10,714 | 2,947 |
| Summit Estates | Ravenna, OH | 198 | 6,925 | 7,123 | 1,411 |
| Summit Village | Marion, IN | 522 | 4,754 | 5,276 | 685 |
| Sunny Acres | Somerset, PA | 287 | 9,055 | 9,342 | 2,805 |
| Sunnyside | Eagleville, PA | 450 | 3,343 | 3,793 | 859 |

UMH PROPERTIES, INC.
SCHEDULE III
REAL ESTATE AND ACCUMULATED DEPRECIATION
DECEMBER 31, 2020 (in thousands)

| Column A | | Column E (10) (11) | | | | Column F |
|--------------------|----------------------|--|--|---------------------|----|-------------------------------------|
| Description | | Gross Amount at Which Carried at 12/31/20 | | | | |
| | | | Site, Land & Building Improvements and Rental Homes | | | Accumulated Depreciation |
| Name | Location | Land | | Total | | |
| Trailmont | Goodlettsville, TN | \$ 411 | \$ 5,441 | \$ 5,852 | \$ | 1,510 |
| Twin Oaks | Olmsted Township, OH | 998 | 5,541 | 6,539 | | 1,543 |
| Twin Pines | Goshen, IN | 650 | 11,608 | 12,258 | | 2,968 |
| Valley High | Ruff's Dale, PA | 284 | 4,607 | 4,891 | | 848 |
| Valley Hills | Ravenna, OH | 996 | 15,581 | 16,577 | | 3,266 |
| Valley Stream | Mountaintop, PA | 323 | 4,397 | 4,720 | | 800 |
| Valley View HB | Honeybrook, PA | 1,380 | 9,424 | 10,804 | | 2,198 |
| Valley View I | Ephrata, PA | 280 | 5,596 | 5,876 | | 1,628 |
| Valley View II | Ephrata, PA | 72 | 1,802 | 1,874 | | 538 |
| Voyager Estates | West Newton, PA | 742 | 7,623 | 8,365 | | 1,208 |
| Waterfalls | Hamburg, NY | 424 | 8,826 | 9,250 | | 4,589 |
| Wayside | Bellefontaine, OH | 261 | 3,311 | 3,572 | | 308 |
| Weatherly Estates | Lebanon, TN | 1,184 | 8,000 | 9,184 | | 3,676 |
| Wellington Estates | Export, PA | 896 | 10,032 | 10,928 | | 970 |
| Wood Valley | Caledonia, OH | 260 | 7,629 | 7,889 | | 3,463 |
| Woodland Manor | West Monroe, NY | 77 | 5,270 | 5,347 | | 1,561 |
| Woodlawn | Eatontown, NJ | 135 | 2,197 | 2,332 | | 950 |
| Woods Edge | West Lafayette, IN | 1,808 | 21,106 | 22,914 | | 3,615 |
| Worthington Arms | Lewis Center, OH | 437 | 18,174 | 18,611 | | 3,099 |
| Youngstown Estates | Youngstown, NY | 269 | 3,358 | 3,627 | | 649 |
| | | <u>\$ 71,485</u> | <u>\$ 1,028,771</u> | <u>\$ 1,100,256</u> | | <u>\$ 254,369</u> |

UMH PROPERTIES, INC.
SCHEDULE III
REAL ESTATE AND ACCUMULATED DEPRECIATION
DECEMBER 31, 2020

| Column A | | Column G | Column H | Column I |
|---------------------|----------------------|-----------------------------|----------------------|-------------------------|
| Description | | | | |
| Name | Location | Date of Construction | Date Acquired | Depreciable Life |
| Allentown | Memphis, TN | prior to 1980 | 1986 | 5 to 27.5 |
| Arbor Estates | Doylestown, PA | 1959 | 2013 | 5 to 27.5 |
| Auburn Estates | Orrville, OH | 1971/1985/1995 | 2013 | 5 to 27.5 |
| Birchwood Farms | Birch Run, MI | 1976-1977 | 2013 | 5 to 27.5 |
| Boardwalk | Elkhart, IN | 1995-1996 | 2017 | 5 to 27.5 |
| Broadmore Estates | Goshen, IN | 1950/1990 | 2013 | 5 to 27.5 |
| Brookside | Berwick, PA | 1973-1976 | 2010 | 5 to 27.5 |
| Brookview | Greenfield Ctr, NY | prior to 1970 | 1977 | 5 to 27.5 |
| Camelot Village | Anderson, IN | 1998 | 2018 | 5 to 27.5 |
| Camelot Woods | Altoona, PA | 1999 | 2020 | 5 to 27.5 |
| Candlewick Court | Owosso, MI | 1975 | 2015 | 5 to 27.5 |
| Carsons | Chambersburg, PA | 1963 | 2012 | 5 to 27.5 |
| Catalina | Middletown, OH | 1968-1976 | 2015 | 5 to 27.5 |
| Cedarcrest Village | Vineland, NJ | 1973 | 1986 | 5 to 27.5 |
| Chambersburg | Chambersburg, PA | 1955 | 2012 | 5 to 27.5 |
| Chelsea | Sayre, PA | 1972 | 2012 | 5 to 27.5 |
| Cinnamon Woods | Conowingo, MD | 2005 | 2017 | 5 to 27.5 |
| City View | Lewistown, PA | prior to 1980 | 2011 | 5 to 27.5 |
| Clinton | Tiffin, OH | 1968/1987 | 2011 | 5 to 27.5 |
| Collingwood | Horseheads, NY | 1970 | 2012 | 5 to 27.5 |
| Colonial Heights | Wintersville, OH | 1972 | 2012 | 5 to 27.5 |
| Countryside Estates | Muncie, IN | 1996 | 2012 | 5 to 27.5 |
| Countryside Estates | Ravenna, OH | 1972 | 2014 | 5 to 27.5 |
| Countryside Village | Columbia, TN | 1988/1992 | 2011 | 5 to 27.5 |
| Cranberry | Cranberry Twp, PA | 1974 | 1986 | 5 to 27.5 |
| Crestview | Athens, PA | 1964 | 2012 | 5 to 27.5 |
| Cross Keys | Duncansville, PA | 1961 | 1979 | 5 to 27.5 |
| Crossroads Village | Mount Pleasant, PA | 1955/2004 | 2017 | 5 to 27.5 |
| D&R | Clifton Park, NY | 1972 | 1978 | 5 to 27.5 |
| Dallas Mobile Home | Toronto, OH | 1950-1957 | 2014 | 5 to 27.5 |
| Deer Meadows | New Springfield, OH | 1973 | 2014 | 5 to 27.5 |
| Evergreen Estates | Lodi, OH | 1965 | 2014 | 5 to 27.5 |
| Evergreen Manor | Bedford, OH | 1960 | 2014 | 5 to 27.5 |
| Evergreen Village | Mantua, OH | 1960 | 2014 | 5 to 27.5 |
| Fairview Manor | Millville, NJ | prior to 1980 | 1985 | 5 to 27.5 |
| Fifty One Estates | Elizabeth, PA | 1970 | 2019 | 5 to 27.5 |
| Forest Creek | Elkhart, IN | 1996-1997 | 2013 | 5 to 27.5 |
| Forest Park | Cranberry Twp, PA | prior to 1980 | 1982 | 5 to 27.5 |
| Fox Chapel Village | Cheswick, PA | 1975 | 2017 | 5 to 27.5 |
| Frieden Manor | Schuylkill Haven, PA | 1969 | 2012 | 5 to 27.5 |
| Friendly Village | Perrysburg, OH | 1970 | 2019 | 5 to 27.5 |
| Green Acres | Chambersburg, PA | 1978 | 2012 | 5 to 27.5 |
| Gregory Courts | Honey Brook, PA | 1970 | 2013 | 5 to 27.5 |
| Hayden Heights | Dublin, OH | 1973 | 2014 | 5 to 27.5 |
| Heather Highlands | Inkerman, PA | 1970 | 1992 | 5 to 27.5 |
| High View Acres | Apollo, PA | 1984 | 2017 | 5 to 27.5 |
| Highland | Elkhart, IN | 1969 | 2013 | 5 to 27.5 |
| Highland Estates | Kutztown, PA | 1971 | 1979 | 5 to 27.5 |
| Hillcrest Crossing | Lower Burrell, PA | 1971 | 2019 | 5 to 27.5 |
| Hillcrest Estates | Marysville, OH | 1995 | 2017 | 5 to 27.5 |
| Hillside Estates | Greensburg, PA | 1980 | 2014 | 5 to 27.5 |

UMH PROPERTIES, INC.
SCHEDULE III
REAL ESTATE AND ACCUMULATED DEPRECIATION
DECEMBER 31, 2020

| Column A | | Column G | Column H | Column I |
|------------------------|----------------------|-----------------------------|----------------------|-------------------------|
| Description | | | | |
| Name | Location | Date of Construction | Date Acquired | Depreciable Life |
| Holiday Village | Nashville, TN | 1967 | 2013 | 5 to 27.5 |
| Holiday Village | Elkhart, IN | 1966 | 2015 | 5 to 27.5 |
| Holly Acres | Erie, PA | 1977/2007 | 2015 | 5 to 27.5 |
| Hudson Estates | Peninsula, OH | 1956 | 2014 | 5 to 27.5 |
| Huntingdon Pointe | Tarrs, PA | 2000 | 2015 | 5 to 27.5 |
| Independence Park | Clinton, PA | 1987 | 2014 | 5 to 27.5 |
| Kinnebrook | Monticello, NY | 1972 | 1988 | 5 to 27.5 |
| Lake Erie Estates | Fredonia, NY | 1965 | 2020 | 5 to 27.5 |
| Lake Sherman | Navarre, OH | prior to 1980 | 1987 | 5 to 27.5 |
| Lakeview Meadows | Lakeview, OH | 1995 | 2016 | 5 to 27.5 |
| Laurel Woods | Cresson, PA | prior to 1980 | 2001 | 5 to 27.5 |
| Little Chippewa | Orrville, OH | 1968 | 2013 | 5 to 27.5 |
| Maple Manor | Taylor, PA | 1972 | 2010 | 5 to 27.5 |
| Marysville Estates | Marysville, OH | 1960s to 2015 | 2017 | 5 to 27.5 |
| Meadowood | New Middletown, OH | 1957 | 2012 | 5 to 27.5 |
| Meadows | Nappanee, IN | 1965-1973 | 2015 | 5 to 27.5 |
| Meadows of Perrysburg | Perrysburg, OH | 1998 | 2018 | 5 to 27.5 |
| Melrose Village | Wooster, OH | 1970-1978 | 2013 | 5 to 27.5 |
| Melrose West | Wooster, OH | 1995 | 2013 | 5 to 27.5 |
| Memphis Blues | Memphis, TN | 1955 | 1985 | 5 to 27.5 |
| Monroe Valley | Jonestown, PA | 1969 | 2012 | 5 to 27.5 |
| Moosic Heights | Avoca, PA | 1972 | 2010 | 5 to 27.5 |
| Mount Pleasant Village | Mount Pleasant, PA | 1977-1986 | 2017 | 5 to 27.5 |
| Mountaintop | Narvon, PA | 1972 | 2012 | 5 to 27.5 |
| New Colony | West Mifflin, PA | 1930/1973 | 2019 | 5 to 27.5 |
| Northtowne Meadows | Erie, MI | 1988 | 2019 | 5 to 27.5 |
| Oak Ridge | Elkhart, IN | 1990 | 2013 | 5 to 27.5 |
| Oakwood Lake | Tunkhannock, PA | 1972 | 2010 | 5 to 27.5 |
| Olmsted Falls | Olmsted Township, OH | 1953/1970 | 2012 | 5 to 27.5 |
| Oxford | West Grove, PA | 1971 | 1974 | 5 to 27.5 |
| Parke Place | Elkhart, IN | 1995-1996 | 2017 | 5 to 27.5 |
| Perrysburg Estates | Perrysburg, OH | 1972 | 2018 | 5 to 27.5 |
| Pikewood Manor | Elyria, OH | 1962 | 2018 | 5 to 27.5 |
| Pine Ridge/Pine Manor | Carlisle, PA | 1961 | 1969 | 5 to 27.5 |
| Pine Valley | Apollo, PA | prior to 1980 | 1995 | 5 to 27.5 |
| Pleasant View | Bloomsburg, PA | 1960's | 2010 | 5 to 27.5 |
| Port Royal | Belle Vernon, PA | 1973 | 1983 | 5 to 27.5 |
| Redbud Estates | Anderson, IN | 1966/1998/2003 | 2018 | 5 to 27.5 |
| River Valley | Marion, OH | 1950 | 1986 | 5 to 27.5 |
| Rolling Hills Estates | Carlisle, PA | 1972-1975 | 2013 | 5 to 27.5 |
| Rostraver Estates | Belle Vernon, PA | 1970 | 2014 | 5 to 27.5 |
| Sandy Valley | Magnolia, OH | prior to 1980 | 1985 | 5 to 27.5 |
| Shady Hills | Nashville, TN | 1954 | 2011 | 5 to 27.5 |
| Somerset/Whispering | Somerset, PA | prior to 1980 | 2004 | 5 to 27.5 |
| Southern Terrace | Columbiana, OH | 1983 | 2012 | 5 to 27.5 |
| Southwind | Jackson, NJ | 1969 | 1969 | 5 to 27.5 |
| Spreading Oaks | Athens, OH | prior to 1980 | 1996 | 5 to 27.5 |
| Springfield Meadows | Springfield, OH | 1970 | 2016 | 5 to 27.5 |
| Suburban Estates | Greensburg, PA | 1968/1980 | 2010 | 5 to 27.5 |
| Summit Estates | Ravenna, OH | 1969 | 2014 | 5 to 27.5 |
| Summit Village | Marion, IN | 2000 | 2018 | 5 to 27.5 |
| Sunny Acres | Somerset, PA | 1970 | 2010 | 5 to 27.5 |
| Sunnyside | Eagleville, PA | 1960 | 2013 | 5 to 27.5 |
| Trailmont | Goodlettsville, TN | 1964 | 2011 | 5 to 27.5 |
| Twin Oaks | Olmsted Township, OH | 1952/1997 | 2012 | 5 to 27.5 |
| Twin Pines | Goshen, IN | 1956/1990 | 2013 | 5 to 27.5 |

UMH PROPERTIES, INC.
SCHEDULE III
REAL ESTATE AND ACCUMULATED DEPRECIATION
DECEMBER 31, 2020

| Column A | | Column G | Column H | Column I |
|--------------------|--------------------|-----------------------------|----------------------|-------------------------|
| Description | | | | |
| Name | Location | Date of Construction | Date Acquired | Depreciable Life |
| Valley High | Ruffs Dale, PA | 1974 | 2014 | 5 to 27.5 |
| Valley Hills | Ravenna, OH | 1960-1970 | 2014 | 5 to 27.5 |
| Valley Stream | Mountaintop, PA | 1970 | 2015 | 5 to 27.5 |
| Valley View HB | Honeybrook, PA | 1970 | 2013 | 5 to 27.5 |
| Valley View I | Ephrata, PA | 1961 | 2012 | 5 to 27.5 |
| Valley View II | Ephrata, PA | 1999 | 2012 | 5 to 27.5 |
| Voyager Estates | West Newton, PA | 1968 | 2015 | 5 to 27.5 |
| Waterfalls | Hamburg, NY | prior to 1980 | 1997 | 5 to 27.5 |
| Wayside | Bellefontaine, OH | 1960's | 2016 | 5 to 27.5 |
| Weatherly Estates | Lebanon, TN | 1997 | 2006 | 5 to 27.5 |
| Wellington Estates | Export, PA | 1970/1996 | 2017 | 5 to 27.5 |
| Wood Valley | Caledonia, OH | prior to 1980 | 1996 | 5 to 27.5 |
| Woodland Manor | West Monroe, NY | prior to 1980 | 2003 | 5 to 27.5 |
| Woodlawn | Eatontown, NJ | 1964 | 1978 | 5 to 27.5 |
| Woods Edge | West Lafayette, IN | 1974 | 2015 | 5 to 27.5 |
| Worthington Arms | Lewis Center, OH | 1968 | 2015 | 5 to 27.5 |
| Youngstown Estates | Youngstown, NY | 1963 | 2013 | 5 to 27.5 |

UMH PROPERTIES, INC.
SCHEDULE III
REAL ESTATE AND ACCUMULATED DEPRECIATION
DECEMBER 31, 2020

- (1) Represents one mortgage note payable secured by twenty-eight properties.
- (2) Represents one mortgage note payable secured by thirteen properties.
- (3) Represents one mortgage note payable secured by six properties.
- (4) Represents one mortgage note payable secured by five properties.
- (5) Represents one mortgage note payable secured by five properties.
- (6) Represents one mortgage note payable secured by four properties.
- (7) Represents one mortgage note payable secured by two properties.
- (8) Represents one mortgage note payable secured by two properties.
- (9) Represents one mortgage note payable secured by two properties.
- (10) Reconciliation

| | /-----FIXED ASSETS-----/ (in thousands) | | |
|-----------------------------|--|-------------|-----------|
| | 12/31/20 | 12/31/19 | 12/31/18 |
| Balance – Beginning of Year | \$1,008,104 | \$874,601 | \$758,487 |
| Additions: | | | |
| Acquisitions | 7,835 | 56,015 | 58,730 |
| Improvements | 88,684 | 81,399 | 61,102 |
| Total Additions | 96,519 | 137,414 | 119,832 |
| Deletions | (4,367) | (3,911) | (3,718) |
| Balance – End of Year | \$1,100,256 | \$1,008,104 | \$874,601 |

| | /----ACCUMULATED DEPRECIATION----/ (in thousands) | | |
|-----------------------------|--|-----------|-----------|
| | 12/31/20 | 12/31/19 | 12/31/18 |
| Balance – Beginning of Year | \$216,332 | \$182,599 | \$153,592 |
| Additions: | | | |
| Depreciation | 39,525 | 34,816 | 29,841 |
| Total Additions | 39,525 | 34,816 | 29,841 |
| Deletions | (1,488) | (1,083) | (834) |
| Balance – End of Year | \$254,369 | \$216,332 | \$182,599 |

- (11) The aggregate cost for Federal tax purposes approximates historical cost.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities and Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

UMH PROPERTIES, INC.

BY: /s/Samuel A. Landy

SAMUEL A. LANDY

President, Chief Executive Officer and Director
(Principal Executive Officer)

BY: /s/Anna T. Chew

ANNA T. CHEW

Vice President, Chief Financial and Accounting Officer, Treasurer and
Director (Principal Financial and Accounting Officer)

Dated: March 10, 2021

Pursuant to the requirements of the Securities and Exchange Act of 1934, as amended, this report has been duly signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

| <u>Signature</u> | <u>Title</u> | <u>Date</u> |
|---|--|-----------------------|
| <u>/s/Eugene W. Landy</u> EUGENE W. LANDY | Chairman of the Board | <u>March 10, 2021</u> |
| <u>/s/Samuel A. Landy</u> SAMUEL A. LANDY | President, Chief Executive Officer and Director | <u>March 10, 2021</u> |
| <u>/s/Anna T. Chew</u> ANNA T. CHEW | Vice President, Chief Financial and Accounting Officer, Treasurer and Director | <u>March 10, 2021</u> |
| <u>/s/Amy Butewicz</u> AMY BUTEWICZ | Director | <u>March 10, 2021</u> |
| <u>/s/Jeffrey A. Carus</u> JEFFREY A. CARUS | Director | <u>March 10, 2021</u> |
| <u>/s/Matthew Hirsch</u> MATTHEW HIRSCH | Director | <u>March 10, 2021</u> |
| <u>/s/Michael P. Landy</u> MICHAEL P. LANDY | Director | <u>March 10, 2021</u> |
| <u>/s/Stuart Levy</u> STUART LEVY | Director | <u>March 10, 2021</u> |
| <u>/s/William Mitchell</u> WILLIAM MITCHELL | Director | <u>March 10, 2021</u> |
| <u>/s/Kenneth K. Quigley, Jr.</u> KENNETH K. QUIGLEY | Director | <u>March 10, 2021</u> |
| <u>/s/Stephen B. Wolgin</u> STEPHEN B. WOLGIN | Director | <u>March 10, 2021</u> |

BOARD OF DIRECTORS

AMY L. BUTEWICZ

Doctor of Pharmacy

Realtor and Partner of Butewicz Equestrian Lifestyle

Real Estate at Keller Williams Princeton Real Estate

JEFFREY A. CARUS

Founder and Managing Partner of JAC Partners, LLC

ANNA T. CHEW

*Vice President, Chief Financial and Accounting Officer
and Treasurer*

MATTHEW I. HIRSCH

Attorney-At-Law

Law Office of Matthew I. Hirsch

EUGENE W. LANDY

Chairman of the Board

MICHAEL P. LANDY

President and Chief Executive Officer of

Monmouth Real Estate Investment Corporation

SAMUEL A. LANDY

President and Chief Executive Officer

STUART LEVY

*Vice President of Real Estate Finance of
Helaba-Landesbank Hessen-Thüringen*

WILLIAM E. MITCHELL

Managing Director of Strategy Capital LLC

KENNETH K. QUIGLEY, JR.

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President of Curry College

STEPHEN B. WOLGIN

Managing Director of U.S. Real Estate Advisors, Inc.

OFFICERS & EXECUTIVE MANAGEMENT

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Chairman of the Board

SAMUEL A. LANDY

President and Chief Executive Officer

ANNA T. CHEW

*Vice President, Chief Financial and Accounting Officer
and Treasurer*

CRAIG KOSTER

General Counsel and Secretary

BRETT TAFT

Vice President and Chief Operating Officer

REGINA BEASLEY

Vice President

AYAL DREIFUSS

Vice President of Rental Division

DANIEL LANDY

Vice President

CHRISTINE LINDSEY

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Vice President of Capital Markets

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JEFFREY WOLFE

Vice President of Operations

JEFFREY V. YORICK

Vice President of Engineering

KRISTIN LANGLEY

Controller

BRITTNEE SPERLING

Assistant Controller

CORPORATE INFORMATION

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TRANSFER AGENT & REGISTRAR

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