DEAR FELLOW SHAREHOLDERS

I am pleased to report that 2017 was a very productive year for UMH. We have 50 years of experience delivering quality affordable housing in manufactured home communities. Our portfolio has grown to 112 communities containing 20,000 homesites located in eight states. We have operated in favorable housing cycles during which annual manufactured home shipments exceeded 250,000 homes, as well as in difficult housing cycles when shipments languished at a mere 40,000 homes per year. Our 50 years of experience impacts every decision we make. We have built a company that is not only positioned to grow and flourish during favorable economic climates, but one which also generates reliable income streams in periods of economic contraction.

THE NEW YORK STOCK EXCHANGE
January 19, 2017

UMH still operates and adheres to the very same principles that it has ever since my father, Eugene Landy, founded the company back in 1968. It was his foresight that recognized our nation lacked affordable housing and that as our country grew, there would always be a strong and fundamental demand for quality affordable housing. Over the years, manufactured housing has become widely accepted as the best way to provide affordable housing. Our three and four-bedroom homes provide affordable family housing that conventional homes, apartments, condominiums and townhomes cannot. In 1992, Congress enacted the Affordable Housing Goals, which required that 30% of all loans Fannie Mae and Freddie Mac purchased had to be made to borrowers who were at or below the median income level where they lived. This was the first material competition manufactured housing faced in 30 years. This competition resulted in government subsidized mortgages on houses the buyers could not afford. By 2008, that quota was increased to 56%. The Affordable Housing Goals, combined with the demographic migration from Midwest markets, where steel, coal, tires and other manufacturing businesses once thrived, resulted in increased vacancy rates for manufactured home communities.

At UMH, we have put our strong balance sheet to work by opportunistically acquiring these communities. Since 2010, we have acquired 84 communities containing 13,200 home sites for a total purchase price of $385 million, representing a cost per site of approximately $29,000. Regulatory relief, the Marcellus and Utica Shale energy boom, a manufacturing resurgence and compressing cap rates, are all working together to increase the value and operating performance of these communities. Although the acquisition market remains challenging due to increased competition as many new entrants have discovered the time-tested virtues of our property type, we currently have an acquisition pipeline of $75 million containing 2,200 homesites. These acquisitions and our rental home program continue to increase the size and profitability of our Company. Rental and related income increased 12% in 2017, resulting in our 7th consecutive year of double digit income growth. We project that we will continue to add 800 rental homes per year. This will increase our annual income by $6.7 million and net community operating income by $4 million. Over the years, we have added a total of 5,600 rental homes. The occupancy rate in our rental home portfolio has been very stable and is currently at 93%.

On the sales front, we increased sales revenue 27% this year. This is our second consecutive year of sales income growth above 20%. We now own three times as many sites as we did in 2006 when our home sales income was $16 million, and we earned almost $2 million in sales profits. As the housing market continues to improve and regulatory relief is provided, our product will become more favorable to consumers. We believe we can achieve home sales income of $50 million generating $6 million in sales profits. Our finance business can also be a conduit for increased earnings. From 2002, until the Safe Act was instituted in 2008, we originated more than $30 million of chattel loans. These loans performed well for us in good times and in bad. The Senate just recently passed the Economic Growth, Regulatory Relief and Consumer Protection Act. This long-awaited legislation provides relief to the manufactured housing industry. As the heavy burden and unintended adverse consequences previous legislation created for our industry subsides, we are confident that will be able to once again grow our lending operation and increase our home sales.

All of these factors, which are described in more detail throughout this letter, will help drive earnings growth for the foreseeable future and ultimately an increased distribution to our shareholders.

During the year we generated solid operating results, achieved strong growth and improved our financial position. UMH:

- Increased Rental and Related Income by 12.3%;
- Increased Community Net Operating Income ("NOI") by 12.3%;
- Increased Same Property NOI by 7.6%;
- Increased Same Property Occupancy by 150 basis points from 81.2% to 82.7%;
- Increased home sales by 27.1%;
- Acquired 11 communities containing approximately 2,000 homesites for a total cost of $63.3 million, including our first community in Maryland, bringing our total property portfolio to 112 manufactured home communities with over 20,000 developed homesites;
- Completed Phase I of a redevelopment community, Memphis Blues, our first all-rental community;
- Increased our rental home portfolio by 948 homes to approximately 5,600 total rental homes, representing an increase of 20.3%;
- Increased rental home occupancy by 150 basis points from 91.5% to 93.0%;
- Reduced the weighted average interest rate on our mortgage debt from 4.3% to 4.2%;
- Reduced the weighted average interest rate on our total debt from 4.1% to 4.0%;
- Issued 5,750,000 shares of a new 6.75% Series C Cumulative Redeemable Preferred Stock, for net proceeds of approximately $139 million;
- Redeemed our high coupon 8.25% Series A Preferred Stock, resulting in $1.4 million in annual preferred dividend savings;
- Issued 1,400,000 shares of our common stock raising net proceeds of $22.5 million, in conjunction with our inclusion in the MSCI REIT Index;
- Raised $60.4 million through our Dividend Reinvestment and Stock Purchase Plan;
- Reduced our Net Debt to Total Market Capitalization from 35.4% to 31.7% and our Net Debt Less Securities to Total Market Capitalization from 24.3% to 20.2%; and,
- Increased our total market capitalization to $1.2 billion, representing an increase of 18%.

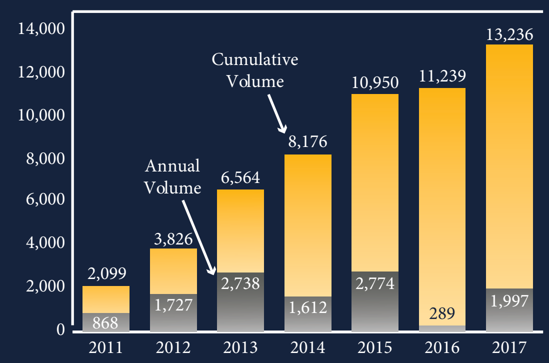
In 2017, we acquired 11 communities, containing a total of approximately 2,000 developed homesites, for a total purchase price of $63.3 million. This represents an 11% increase in total homesites from 2016. We intend to continue to acquire properties that fit our growth criteria. While these opportunistic acquisitions have never been easy to find and have recently become even more difficult, I am pleased to report that our acquisition pipeline remains strong.

In addition, we own approximately 1,500 acres of developable land that will enable us to generate substantial growth as demand dictates. Over the past few years, we have been working to obtain approvals for the expansion of several of our existing communities. In 2017, we developed a total of 98 sites. We currently have approvals for an additional 365 sites which should be completed in 2018. It is vital for the future of the Company as well as for our industry at large, that we can develop additional sites. While the zoning and approval process can be extremely challenging and time consuming, we must overcome any obstacles. At some point, most of the communities will reach 100% occupancy, and one of the few remaining ways to grow revenue will be to develop new communities and expand existing communities. The silver-lining to these challenges is that our existing communities, over time greatly appreciate in value as the result of having these large moats around them.

"WE INTEND TO CONTINUE TO ACQUIRE PROPERTIES THAT FIT OUR GROWTH CRITERIA ... I AM PLEASED TO REPORT THAT OUR ACQUISITION PIPELINE REMAINS STRONG."

Our total portfolio now comprises 5,900 acres, 54% of which is in the energy-rich Marcellus and Utica Shale regions. No other REIT, of any property type, has as much acreage in these regions. Oil prices have stabilized above $60 per barrel which has increased investments in the shale regions. As pipelines continue to be completed, additional wells are drilled, and infrastructure is upgraded, this area will greatly benefit.

Number of Acquired Sites



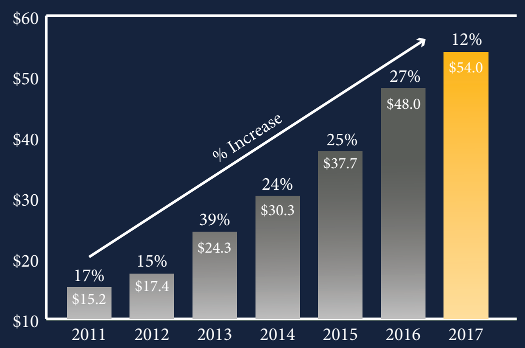
We believe such a vast source of domestic energy will greatly reduce energy prices allowing our nation's manufacturing businesses to once again compete on a global scale. Our properties in the shale region not only benefit from increased occupancy and revenue growth, but also from leasing our mineral rights to drilling companies. In 2017, we leased the mineral rights of one 78-acre parcel for a bonus payment of $251,000 with the potential to earn 18% annual royalties as the property starts producing gas. This marks our second lucrative mineral lease. We have seen increased mineral right leasing activity at other locations as well, but to date, no other offers have been satisfactory.

In keeping with our growth strategy, this year saw us surpass $1 billion in total enterprise value. As of yearend, our capital structure consisted of approximately $390 million in debt, of which $305 million was community level mortgage debt and $85 million were loans payable. As of yearend, the weighted average interest rate on our mortgage debt was 4.2%, down from 4.3% one year ago. Our weighted average debt maturity was 6.9 years. During the year, we issued 5.75 million shares of a new 6.75% Series C Cumulative Redeemable Preferred Stock resulting in $139 million in net proceeds. We used a portion of these proceeds to redeem our 8.25% Series A Preferred. This 150 basis point reduction results in $1.4 million in annual preferred dividend savings going forward. This new preferred, combined with our additional Series B Preferred shares, resulted in a total of approximately

$239 million in perpetual preferred equity at yearend. Our total preferred stock, combined with an equity market capitalization of approximately $529 million and our $390 million in debt, results in a total market capitalization of approximately $1.2 billion at yearend. We ended the year with net debt to total market capitalization at 32% and with $23 million in cash and cash equivalents. We have been utilizing low-cost mortgage debt with an average interest rate of approximately 4% combined with our preferred equity to acquire communities, make capital improvements, and finance our home rental program.

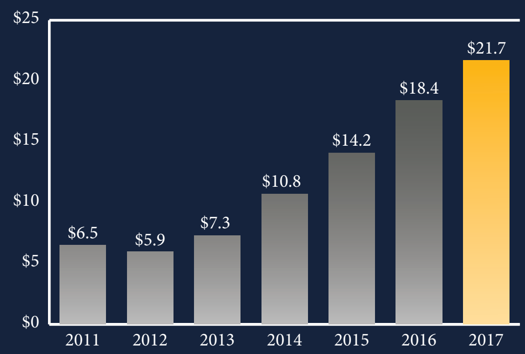
Subsequent to yearend, we issued an additional $48.1 million of a new 6.375% Series D Perpetual Preferred Stock, further increasing our liquidity. While these transactions greatly strengthen UMH's balance sheet and position the company for future earnings growth, in the short term they negatively impacted our per share results. In 2017, Core FFO was $23.5 million or $0.71 per share compared to $20.7 million or $0.74 per share in 2016. Normalized FFO was $21.7 million or $0.66 per share compared to $18.4 million or $0.66 per share in 2016.

Community Operating Income
($ in millions)



Our community operations continue to improve. Rental and related income increased from $90.7 million in 2016 to $101.8 million in 2017, representing an increase of 12%. Our community net operating income increased from $48 million in 2016 to $54 million in 2017, representing a 12% increase. This substantial growth is attributable to our acquisition and rental programs.

Normalized Funds from Operations
($ in millions)



Same property results also continue to improve at a healthy rate. During 2017, our same property revenue increased 6% with expenses increasing 4.1% resulting in same property NOI growth of 7.6%. Same property occupancy increased 150 basis points from 81.2% in 2016 to 82.7% in 2017. These same property metrics should continue to improve at a similar rate for the foreseeable future.

We currently have approximately 3,800 vacant sites that can help generate strong earnings growth as demand dictates. Most of these vacant sites were acquired over the past 7 years well below replacement cost. These vacant sites are in good markets with strong demand. We are working to fill these vacant sites as quickly as possible. We view these vacant lots as opportunities to add rental units to continue to improve our operating results.

Our sales and finance operation continues to improve. This year we had $10.8 million in gross sales versus $8.5 million in 2016, representing an increase of approximately 27%. Home buyers in our markets are starting to see their wages rise and their savings increase. This has allowed more customers to qualify for financing, resulting in additional home sales and finance income.

We have seen more 55 and over buyers entering the market as they are able to sell their existing homes at reasonable prices and purchase our homes with cash. We are working hard to once again make home sales a major source of income at UMH. We believe that it will return to its full potential as a major profit center as our nation's economy continues to improve and as lending standards return to normalcy.

A major problem with home sales is the lack of affordable financing. Many potential home buyers of manufactured homes are faced with a potential interest rate of over 8%. The spread between historically low conventional financing rates and manufactured home financing rates has greatly diminished the affordability factor for our product. UMH is helping customers realize this affordability and become homeowners by offering an interest rate of 6.75% for new home sales within our communities. Our notes receivable have increased from $18.4 million to $24.1 million in 2017, representing an increase of 31%.

Properties on Main Street are trading at significant premiums versus properties on Wall Street. This has allowed us to develop a portfolio of REIT securities that consistently delivers strong dividend returns and has the potential to generate even greater returns if public REIT valuations match that of the private sector. The companies that we invest in have a strong fundamental business and highly qualified management teams. This combination should result in REIT stock price appreciation as share prices more closely reflect the underlying property value. Our securities portfolio totaled $133 million at yearend, up from $109 million in the prior year period. The primary function of our REIT securities portfolio is to enhance our balance sheet liquidity. This past year our portfolio generated $8.1 million in dividend income. This year our securities investments have also delivered substantial net-realized gains of approximately $1.7 million. Since yearend, REIT share prices have declined. We view these recent declines as temporary since real estate fundamentals are improving. We are very pleased with our portfolio and expect excellent performance going forward as we have enjoyed in the past.

SAMUEL A. LANDY

UMH Properties, Inc. celebrated its 50th anniversary at the New York Stock Exchange this year. This incredible accomplishment can be attributed to Eugene Landy's foresight. He has built a company that has created everlasting value, adapted to changing business environments, always generated meaningful returns for shareholders, and is now stronger than ever. It is with great pride that I have been able to work with him and help to grow such a great company.

The value we have added to our portfolio is considerable. The value we have added to our Company by creating a fantastic family of dedicated members may be beyond measure. Our Directors, Vice Presidents, Regional Managers, Managers, Maintenance Staff, and Administrative Staff all work hard each day to improve our communities and our Company. The larger we become, the more obvious it is to me how dependent any company is on its employees. We are very grateful to our UMH family.

Very truly yours,

SAMUEL A. LANDY
President and Chief Executive Officer
March 2018